
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-QSB

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

For the quarterly period ended March 31, 2007

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

For the transition period from to

Commission File Number 000-24541

CORGENIX MEDICAL CORPORATION

(Name of Small Business Issuer in its Charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

93-1223466

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

11575 Main Street, Number 400, Broomfield, CO 80020

(Address of principal executive offices, including zip code)

(303) 457-4345

(Issuer's telephone number, including area code)

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

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 No

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

Yes No

The number of shares of Common Stock outstanding was 13,587,801 as of May 15, 2007.

Transitional Small Business Disclosure Format. Yes No

CORGENIX MEDICAL CORPORATION
May 31, 2007

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PART I
Item 1. Consolidated Financial Statements
CORGENIX MEDICAL CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

	<u>March 31, 2007</u> (Unaudited)	<u>June 30, 2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,251,764	\$ 3,118,494
Accounts receivable, less allowance for doubtful accounts of \$94,097 and \$13,097	1,136,320	1,362,768
Inventories	2,388,059	1,635,549
Prepaid expenses	93,290	64,596
Total current assets	4,869,433	6,181,407
Equipment:		
Capitalized software costs	255,617	122,855
Machinery and laboratory equipment	762,401	671,495
Furniture, fixtures, leaseholds & office equipment	1,771,455	585,399
	2,789,473	1,379,749
Accumulated depreciation and amortization	(700,577)	(1,113,131)
Net equipment	2,088,896	266,618
Intangible assets:		
License	332,838	27,848
	332,838	27,848
Other assets:		
Deferred financing costs net of amortization of \$796,877 and \$469,065	819,752	1,147,563
Restricted cash	—	250,000
Due from officer	12,000	12,000
Other assets	515,737	328,180
Total assets	\$ 8,638,656	\$ 8,213,616
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of notes payable, net of discount	\$ 319,163	\$ 770,151
Current portion of capital lease obligations	194,047	15,945
Accounts payable	967,215	511,397
Accrued payroll and related liabilities	286,566	270,542
Accrued interest	34,592	43,914
Accrued liabilities	237,185	364,348
Total current liabilities	2,038,768	1,976,297
Notes payable, net of discount, less current portion	1,595,122	1,290,776
Capital lease obligations, less current portion	409,278	5,130
Deferred facility lease payable, excluding current portion	1,056,150	—
Total liabilities	5,099,318	3,272,203
Redeemable common stock, \$0.001 par value. 774,650 shares issued and outstanding, aggregate redemption value of \$420,000, and \$450,000 net of unaccreted discount and issue costs of \$0 (note 5)	250,000	250,000
Shareholders' equity:		
Convertible Preferred stock, \$0.001 par value. Liquidation preference of \$700,000 and \$700,000. Authorized 5,000,000 shares, Issued and outstanding 1,652,725 and 2,000,000 on March 31 and June 30, respectively	1,652,725	2,000,000
Common stock, \$0.001 par value. Authorized 100,000,000 shares; Issued and outstanding 13,577,801 and 10,723,205 on March 31 and June 30, respectively	12,856	9,895
Additional paid-in capital	13,078,424	12,060,729
Accumulated deficit	(11,448,250)	(9,367,556)
Accumulated other comprehensive income	(6,417)	(11,655)
Total shareholders' equity	3,289,338	4,691,413
Total liabilities and shareholders' equity	\$ 8,638,656	\$ 8,213,616

See accompanying notes to consolidated financial statements.

**CORGENIX MEDICAL CORPORATION
AND SUBSIDIARIES**

Consolidated Statements of Operations

	Three Months Ended		Nine Months Ended	
	March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
	(Unaudited)		(Unaudited)	
Net sales.....	\$ 2,011,995	\$ 1,634,446	\$ 5,390,918	\$ 4,850,282
Cost of sales.....	816,907	622,576	2,133,815	1,782,034
Gross profit.....	1,195,088	1,011,870	3,257,103	3,068,248
Operating expenses:				
Selling and marketing.....	504,120	431,944	1,569,858	1,178,370
Research and development.....	180,254	208,624	586,061	490,380
General and administrative.....	548,137	412,826	1,841,616	1,143,341
Total expenses.....	1,232,511	1,053,394	3,997,535	2,812,091
Operating income (loss).....	(37,423)	(41,524)	(740,432)	256,157
Other income (expense).....				
Other income, net.....	16,513	35,335	75,785	49,810
Interest expense.....	(308,460)	(650,664)	(1,416,047)	(1,347,455)
Net loss.....	(329,370)	(656,853)	(2,080,694)	(1,041,488)
Imputed dividends on Convertible.....				
Preferred Stock.....	—	(2,000,000)	—	(2,000,000)
Net loss available to common.....				
Shareholders.....	(329,370)	(2,656,853)	(2,080,694)	(3,041,488)
Net loss per share, basic and diluted.....	\$ (0.03)	(0.27)	(0.17)	(0.33)
Weighted average shares outstanding, Basic and diluted (note 2).....	13,079,649	9,913,950	12,047,554	9,099,598
Net loss.....	\$ (329,370)	(656,853)	(2,080,694)	(1,041,488)
Other comprehensive loss-foreign currency translation gain (loss).....	842	867	5,238	(568)
Total comprehensive loss.....	\$ (328,528)	(655,986)	(2,075,456)	(1,042,056)

See accompanying notes to consolidated financial statements.

**CORGENIX MEDICAL CORPORATION
AND SUBSIDIARIES**

Consolidated Statement of Shareholders' Equity
For the nine months ended March 31, 2007
(Unaudited)

	Preferred Stock, Number of Shares	Preferred Stock, \$0.001 par	Common Stock, Number of Shares	Common Stock, \$0.001 par	Additional Paid-in Capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at June 30, 2006.....	2,000,000	\$ 2,000,000	10,723,205	\$ 9,895	\$ 12,060,729	\$ (9,367,556)	\$ (11,655)	\$ 4,691,413
In-kind dividend.....	280,000	280,000	—	—	—	—	—	280,000
Conversion of preferred stock into common stock.....	(627,275)	(627,275)	1,792,214	1,793	625,482	—	—	—
Issuance of common stock for services.....	—	—	210,587	211	39,842	—	—	40,053
Issuance of common stock for license.....	—	—	214,285	214	22,629	—	—	22,843
Issuance of common stock in exchange for debt and interest.....	—	—	743,142	743	222,201	—	—	222,944
Compensation expense recorded as a result of common stock and options issued.....	—	—	—	—	107,541	—	—	107,541
Cancellation of redeemable stock upon note pay down.....	—	—	(105,632)	—	—	—	—	—
Foreign currency translation.....	—	—	—	—	—	—	5,238	5,238
Net loss.....	—	—	—	—	—	(2,080,694)	—	(2,080,694)
Balance at March 31, 2007.....	<u>1,652,725</u>	<u>\$ 1,652,725</u>	<u>13,577,801</u>	<u>\$ 12,856</u>	<u>\$ 13,078,424</u>	<u>\$ (11,448,250)</u>	<u>\$ (6,417)</u>	<u>\$ 3,289,338</u>

See accompanying notes to consolidated financial statements.

**CORGENIX MEDICAL CORPORATION
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

	Nine Months Ended	
	March 31, 2007	March 31, 2006
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	\$ (2,080,694)	\$ (1,041,488)
Adjustments to reconcile net loss to net cash (used) in operating activities:		
Depreciation and amortization	264,972	91,515
Accretion of discount on note payable.....	711,693	780,256
Gain on disposal of equipment	(6,729)	—
Bad debt expense	50,000	64,000
Common stock issued for services.....	40,053	123,981
Common stock issued for interest.....	52,156	87,563
Compensation expense recorded for stock options issued	107,541	—
Amortization of deferred financing costs.....	327,812	295,432
Changes in operating assets and liabilities:		
Accounts receivable.....	206,940	(284,257)
Inventories	(749,344)	(260,838)
Prepaid expenses and other assets, net.....	(494,688)	(514,654)
Accounts payable.....	417,790	(117,808)
Accrued payroll and related liabilities	34,422	41,626
Accrued interest and other liabilities	5,309	(23,385)
Net cash used in operating activities.....	(1,112,767)	(758,057)
Cash flows used in investing activities:		
Proceeds from disposal of equipment	43,051	—
Additions to equipment.....	(231,210)	(44,836)
Net cash used in investing activities	(188,159)	(44,836)
Cash flows provided by (used in) financing activities:		
Proceeds from issuance of preferred stock	—	1,771,151
Proceeds from exercise of stock options.....	—	4,500
Proceeds upon exercise of warrants	—	6,900
Proceeds from issuance of notes payable, net of original discount.....	—	1,363,635
Payments on notes payable	(437,547)	(35,000)
Payments on capital lease obligations.....	(136,088)	(18,705)
Net cash provided by (used in) financing activities	(573,635)	3,092,481
Net increase (decrease) in cash and cash equivalents	(1,874,561)	2,289,588
Impact of exchange rate changes on cash	7,831	(2,197)
Cash and cash equivalents at beginning of period	3,118,494	1,281,965
Cash and cash equivalents at end of period	\$ 1,251,764	\$ 3,569,356
Supplemental cash flow disclosures:		
Cash paid for interest	\$ 342,360	\$ 145,400
Noncash investing and financing activities:		
Equipment acquired under capital leases	\$ 718,338	\$ —
Issuance of stock for debt	\$ 170,788	\$ 279,835
Issuance of stock for licence	\$ 22,843	—
Placement warrants issued in connection with financings	\$ —	\$ 360,969
Conversion of redeemable common stock to note payable.....	\$ —	\$ 250,000
Imputed dividends on convertible preferred stock.....	\$ 280,000	\$ 2,000,000

See accompanying notes to consolidated financial statements.

CORGENIX MEDICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Company Overview

Corgenix Medical Corporation, which we refer to as Corgenix or the Company, is engaged in the research, development, manufacture, and marketing of in vitro (outside the body) diagnostic products for use in disease detection and prevention. We currently sell 51 diagnostic products on a worldwide basis to hospitals, clinical testing laboratories, universities, biotechnology and pharmaceutical companies and research institutions. In the United States and the United Kingdom, we sell directly to these customers. Elsewhere in the world, we primarily sell to independent distributors that in turn sell to the laboratories. We also sell our products to other diagnostic companies under their labels, which are then distributed worldwide.

Our corporate headquarters is located in Broomfield, Colorado. We have two wholly owned operating subsidiaries:

- Corgenix, Inc. (formerly REAADS Medical Products, Inc.), established in 1990 and located in Broomfield, Colorado. Corgenix, Inc. is responsible for sales and marketing activities for North America, and also executes product development, product support, clinical and regulatory affairs, and product manufacturing.
- Corgenix (UK) Ltd, incorporated in the United Kingdom in 1996 (formerly REAADS Bio-Medical Products (UK) Limited) and located in Peterborough, England. Corgenix UK manages our international sales and marketing activities except for distribution in North America, which is the responsibility of Corgenix, Inc. We continue to use the REAADS trademark and trade name in the sale of products that we manufacture. In addition to sales of the Company's 51 products, Corgenix UK also sells viral products to research laboratories in the UK.

Recent Developments

On January 4, 2007 the Company filed a complaint in the United States District Court for the District of Colorado against Biosafe Laboratories, Inc., a corporation organized and existing under the laws of the State of Illinois. The complaint states, among other things, that Corgenix and Biosafe are parties to a non-binding Letter of Intent dated September 12, 2006 (the "LOI"), under which the companies explored the possibility of a licensing arrangement between them for the sale of some of Biosafe's products. Upon execution of this non-binding LOI, Corgenix paid to Biosafe a deposit of \$250,000. The LOI specifically required Biosafe to refund \$225,000 of that deposit to Corgenix in the event that a binding agreement was not reached between the parties (the "Refundable Deposit"). A binding agreement was never reached between the two companies and even though Biosafe was obligated to refund the Refundable Deposit to Corgenix and demand was made by Corgenix for said Refundable Deposit, Biosafe refused to return the Refundable Deposit. Corgenix has brought suit against Biosafe, and seeks relief in the form of, but not limited to, the refund of the Refundable Deposit, in addition to all damages sustained.

On February 20, 2007 Biosafe disputed the above claims and filed a counterclaim against the Company, which states, among other things, that Corgenix failed to go forward with the execution of the binding agreement after the terms of said agreement were fully negotiated and drafted and that the required funding had been secured. It also claims that Corgenix failed to disclose, in a timely fashion, that it needed Board of Director approval prior to execution of the binding agreement, and overall did not deal with Biosafe in good faith and with fair dealing. Biosafe's counterclaim claims damages of \$1,000,000.

On March 12, 2007 the Company filed its reply to the above counterclaims denying the validity of all of the counter claims by Biosafe and again requesting that judgment be entered in its favor and that the Company be awarded its \$225,000 deposit and any other costs.

Management believes that there is little likelihood of the BioSafe counterclaim being successful and therefore no liability has been accrued.

On March 1, 2007, Corgenix Medical Corporation (the “Company”) executed a license agreement (the “Agreement”) with Creative Clinical Concepts (“CCC”). The Agreement provides that CCC license to the Company certain products and assets related to determining the effectiveness of aspirin and / or anti-platelet therapy (collectively, “Aspirin Effectiveness Technology,” or the “Licensed Products”). The Aspirin Effectiveness Technology includes US trademark registration number 2,688,842, which includes the term “AspirinWorks”® and related designs.

The Company believes that there is a present and growing need for non-invasive, simple and accurate confirmation of aspirin effectiveness and aspirin therapy, and that the Agreement will position the Company to provide products to meet this need. Since 2004, Corgenix and CCC have been engaged in a collaborative partnership to develop, manufacture and market products for aspirin monitoring, including the AspirinWorks® Test Kit, a simple urine test that measures a person’s response to aspirin and allows physicians to determine the effect of aspirin therapy on an individual basis. Under terms of the original license agreement, CCC and Corgenix had agreed to equally share expenses and revenues that resulted from the business. Under the new Agreement, Corgenix will acquire the remaining 50 percent of the license to CCC’s aspirin resistance business, thereby owning 100 percent of the rights to CCC’s aspirin resistance business.

The Agreement requires CCC to provide the Company with a worldwide, perpetual license for the use of CCC’s Aspirin Effectiveness Technology. Additionally, CCC will provide the Company with the names of contacts, customer lists, market information, competitive information and technology related to CCC’s already-developed market in Aspirin Effectiveness Technology. The Agreement requires CCC to assist with the manufacture of products derived from the Aspirin Effectiveness Technology, and also provides the Company with a right of first refusal with regard to any new products developed by CCC for the purpose of measuring aspirin effectiveness and the use of thromboxane and prostacyclin metabolites to determine the effect of aspirin on platelets or endothelial cells.

The Company may use the Licensed Products in connection with any other asset or trademark. The Company may also enter into sublicense agreements with any other entity for the rights, privileges and licenses granted to the Company under the Agreement. The Company must seek CCC’s consent before entering any sublicense agreement, but CCC may not unreasonably withhold its consent so long as the sublicensee will use its commercially reasonable best efforts to market and sell the Licensed Products. The Company must use its commercially reasonable best efforts to market and sell the Licensed Products. To this end, within ninety days of the date the FDA grants clearance for the Licensed Products, and for five years thereafter, the Company must develop and maintain an interactive website dedicated to the Licensed Products. CCC may not use any of the Licensed Products.

The Agreement provides that responsibility for manufacture, distribution, and administration of the sale of the Licensed Products is with the Company. However, the Agreement requires CCC to assist and cooperate with the Company in this regard.

The Company’s first cash payment to CCC amounting to \$50,000 became due at the execution of the Agreement. The Company has provided a combination of cash, shares of the Company’s common stock, and warrants to purchase the Company’s common stock. Following FDA clearance of the first Licensed Product, the Company will be required to make additional payments to CCC. On the first, second and third anniversary of that clearance, the Company will be obligated to make payments consisting of cash, shares of common stock, and warrants to purchase shares of common stock. The amount of cash and number of shares and warrants due in these anniversary payments will be determined by application of a formula including a certain dollar value, the total cumulative revenue received by the Company from sales of the Licensed Products during that year, and the Company’s common stock share price on the relevant anniversary. The dollar value applicable to that ratio increases with each anniversary.

The Agreement imposes caps on the total amount of cash, common stock, and warrant payments from the Company to CCC from the date of execution through to and including the third anniversary payment. Under that cap provision, the total anniversary payments will not exceed \$200,000 in cash, \$300,000 in value of shares of common stock (as valued on the date of issue), and 300,000 warrants to purchase shares of common stock.

The Agreement also requires that, for all sales of the Licensed Products subsequent to the execution of the agreement, the Company pay CCC a quarterly royalty fee equal to seven percent of net sales of the Licensed Products during the immediately preceding quarter. The Agreement’s caps on payments from the Company to CCC do not apply to royalty payments.

The Company and CCC anticipate that the Agreement will remain in effect in perpetuity; however, the Agreement provides for termination in the event of material breach, or if the Company becomes insolvent or files for protection under the United States Bankruptcy Code. Termination would cause all the Company's rights under the License Agreement to revert to CCC, although any rights sublicensed to a third party would not be revoked or infringed by any such termination.

The Agreement requires that the Company forgive all unpaid fees, costs and expenses due to the Company under that certain Product Developing, Manufacturing, and Distribution Agreement between the Company and CCC dated May 13, 2004. The Agreement also requires that the Company forgive all unpaid fees, costs, expenses and charges due to the Company under that certain License Agreement between the parties and McMaster University, dated October 19, 2004. The total value of such forgiven fees, costs, expenses and charges is approximately \$230,000 which has been recorded as license rights in the accompanying balance sheet.

Our Business

Introduction

Our business includes the research, development, manufacture, and marketing of in vitro diagnostic products for use in disease detection and prevention. We sell 51 diagnostic products on a worldwide basis to hospitals, clinical testing laboratories, universities, biotechnology and pharmaceutical companies and research institutions. We have developed and we manufacture most of our products at our Colorado facility, and we purchase what we refer to as OM Products from other healthcare manufacturers for resale by us. All of these products are used in clinical laboratories for the diagnosis and/or monitoring of three important areas of health care:

- Autoimmune disease (diseases in which an individual creates antibodies to one's self, for example systemic lupus erythematosus ("SLE") and rheumatoid arthritis ("RA"));
- Vascular disease (diseases associated with certain types of thrombosis or clot formation, for example antiphospholipid syndrome, deep vein thrombosis, stroke and coronary occlusion); and
- Liver diseases (fibrosis and cirrhosis).

In addition to our current products, we are actively developing new laboratory tests in other important diagnostic testing areas. We manufacture and market to clinical laboratories and other testing sites worldwide. Our customers include large and emerging health care companies such as Instrumentation Laboratories, Helena Laboratories and Diagnostic Grifols, S.A.

Most of our products are based on our patented and proprietary application of Enzyme Linked ImmunoSorbent Assay, or ELISA, technology, a clinical testing methodology commonly used worldwide. Most of our current products are based on this platform technology in a delivery format convenient for clinical testing laboratories. The delivery format, which is referred to as "Microplate," allows the testing of up to 96 samples per plate, and is one of the most commonly used formats, employing conventional testing equipment found in virtually all clinical laboratories. The availability and broad acceptance of ELISA Microplate products reduces entry barriers worldwide for our new products that employ this technology and delivery format. Our products are sold as "test kits" that include all of the materials required to perform the test, except for routine laboratory chemicals and instrumentation. A test using ELISA technology involves a series of reagent additions into the Microplate, triggering a complex immunological reaction in which a resulting color occurs. The amount of color developed in the final step of the test is directly proportional to the amount of the specific marker being tested for in the patient or unknown sample. The amount of color is measured and the results calculated using routine laboratory instrumentation. Our technology specifies a process by which biological materials are attached to the fixed surface of a diagnostic test platform. Products developed using this unique attachment method typically demonstrate a more uniform and stable molecular configuration, providing a longer average shelf life, increased accuracy and superior specificity than the products of our competitors.

Some of the OM products which we obtain from other manufacturers and sell through our distribution network utilize technologies other than our patented and proprietary ELISA technology.

Our diagnostic tests are intended to aid in the identification of the causes of illness and disease, enabling a physician to select appropriate patient therapy.

Internally and through collaborative arrangements, we are developing additional products that are intended to broaden the range of applications for our existing products and to result in the introduction of new products.

Since 1990, our sales force and distribution partners have sold over 12 million tests worldwide under the REAADS and Corgenix labels, as well as products sold under other manufacturers' labels, referred to as OEM products. An integral part of our strategy is to work with corporate partners to develop market opportunities and access important resources. We believe that our relationships with current and potential partners will enable us to enhance our menu of diagnostic products and accelerate our ability to penetrate the worldwide markets for new products.

We currently use the REAADS and Corgenix trademarks and trade names in the sale of the products which we manufacture. These products constitute the majority of our product sales.

Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been omitted from these unaudited consolidated financial statements. These unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2006. The results of operations for the nine months ended March 31, 2007 and 2006 are not necessarily indicative of the operating results for the full year.

In the opinion of management, all adjustments, consisting only of normal recurring accruals, have been made to present fairly the Company's financial position at March 31, 2007 and the results of operations and its cash flows for the nine months ended March 31, 2007 and 2006.

2. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding. Diluted earnings (loss) per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding increased for potentially dilutive common shares outstanding during the period. The dilutive effect of stock options and their equivalents is calculated using the treasury stock method. Stock options to purchase 220,000 shares were granted in fiscal 2006. No stock options to purchase shares were granted during the quarter ended March 31, 2007. Stock options to purchase 860,000 shares were granted during the nine months ended March 31, 2007. Options and warrants to purchase common stock totaling 34,085,426 and 33,221,103 shares as of March 31, 2007 and 2006, respectively, are not included in the calculation of weighted average common shares-diluted below as their effect is anti-dilutive. Redeemable common stock is included in the common shares outstanding for purposes of calculating net income (loss) per share.

	<u>3 Months ended March 31, 2007</u>	<u>3 Months ended March 31, 2006</u>	<u>9 Months ended March 31, 2007</u>	<u>9 Months ended March 31, 2006</u>
Net loss attributable to common shareholders	\$ (329,370)	\$ (2,656,853)	\$ (2,080,694)	\$ 3,041,488
Common and common equivalent shares outstanding:				
Historical common shares outstanding at				
beginning of year	10,723,205	8,172,435	10,723,205	8,172,435
Weighted average common equivalent shares issued				
during the period.....	<u>2,356,444</u>	<u>1,741,515</u>	<u>1,324,349</u>	<u>927,163</u>
Weighted average common shares — basic and				
diluted	<u>13,079,649</u>	<u>9,913,950</u>	<u>12,047,554</u>	<u>9,099,598</u>
Net loss per share — basic and diluted.....	<u>\$ (0.03)</u>	<u>\$ (0.27)</u>	<u>\$ (0.17)</u>	<u>\$ (0.33)</u>

3. INCOME TAXES

A valuation allowance was provided for deferred tax assets, as the Company is unable to conclude under relevant accounting standards that it is more likely than not that deferred tax assets will be realizable.

4. SEGMENT INFORMATION

The Company has two segments of business: North American and International operations. North American operations transacts all sales in North America (US, Canada and Mexico). International operations transacts all other sales. The following table sets forth selected financial data for these segments for the three-and nine-month periods ended March 31, 2007 and 2006.

		Three Months Ended March 31,			Nine Months Ended March 31,		
		Domestic	International	Total	Domestic	International	Total
Net sales.....	2007	\$ 1,456,522	555,473	2,011,995	3,937,923	1,452,995	5,390,918
	2006	\$ 1,271,122	363,324	1,634,446	3,667,326	1,182,956	4,850,282
Net income (loss).....	2007	\$ (529,522)	200,152	(329,370)	(2,547,990)	467,296	(2,080,694)
	2006	\$ (777,154)	120,301	(656,853)	(1,491,196)	449,708	(1,041,488)
Depreciation and.....	2007	\$ 93,690	1,150	94,840	261,590	3,382	264,972
	2006	\$ 18,613	1,033	19,646	89,010	2,505	91,515
Amortization.....	2007	\$ 93,690	1,150	94,840	261,590	3,382	264,972
	2006	\$ 18,613	1,033	19,646	89,010	2,505	91,515
Interest expense, net.....	2007	\$ (307,775)	(685)	(308,460)	(1,413,947)	(2,100)	(1,416,047)
	2006	\$ (614,559)	(770)	(615,329)	(1,294,002)	(3,643)	(1,297,645)
Segment assets							
March 31,	2007	\$ 8,049,227	589,429	8,638,656	8,049,227	589,429	8,638,656
June 30,	2006	\$ 7,625,303	588,313	8,213,616	7,625,303	588,313	8,213,616

5. REDEEMABLE COMMON STOCK

On July 1, 2002, as part of the Medical & Biological Laboratories Co., Ltd. (MBL) Agreement, MBL purchased shares of the Company's common stock for \$500,000, which MBL can require the Company to repurchase at the same price in the event that a previously existing distribution agreement with their wholly owned subsidiary RhiGene, Inc. ("Rhigene") is terminated. For no additional consideration, MBL was also issued warrants to purchase an additional 880,282 shares of Common Stock at a price of \$.568 per share, which is equal to an aggregate amount of \$500,000. These warrants expire on July 3, 2007 and may be exercised in whole or in part at any time prior to their expiration. The estimated fair value of the warrants upon issuance was calculated as \$401,809 using the Black-Scholes option-pricing model with the following assumptions: no expected dividend yield, 143% volatility, risk free interest rate of 4.2% and an expected life of five years. The gross proceeds of \$500,000 were allocated \$277,221 to redeemable common stock and \$222,779 to the related warrants based on the relative fair values of the respective instruments to the fair value of the aggregate transaction. Issuance costs and the discount attributed to the redeemable common stock upon issuance were accreted over the 33-month period to the first date whereupon the put option may be exercised, which was the expiration date of the distribution agreement between the Company and RhiGene, Inc. (March 31, 2005). Furthermore, pursuant to the agreement with MBL, as long as MBL holds at least 50% of the common stock purchased under the MBL agreement, MBL must give its written consent with respect to the payment of any dividend, the repurchase of any of the Company's equity securities, the liquidation or dissolution of the Company or the amendment of any provision of the Company's Articles of Incorporation or Bylaws which would adversely affect the rights of MBL under the stock purchase transaction documents. MBL was granted standard anti-dilution rights with respect to stock issuances not registered under the Securities Act. MBL also received standard piggyback registration rights along with certain demand registration rights.

On March 31, 2005 our distribution agreement with RhiGene expired, and the Company signed a new distribution and OEM Supply Agreement with MBL International, Inc. ("MBLI"), a wholly owned subsidiary of MBL, which grants the Company non-exclusive rights to distribute MBL's complete diagnostic line of autoimmune testing products in the United States and exclusive distribution rights to the OEM Label products worldwide excluding the United States, Japan, Korea and Taiwan. In addition, on August 1, 2005 the Company and MBL executed an Amendment to the Common Stock Purchase Agreement and Common Stock Purchase Warrant wherein one-half or 440,141 of the original redeemable shares are exchanged for a three-year promissory note payable with interest at prime (8.25% as of March 31, 2007) plus two percent. The shares being exchanged for the promissory note are returned to the Company quarterly on a pro rata basis as payments are made on the promissory note. As of March 31, 2007, 158,448 redeemable shares have been returned to the Company under this agreement. The remaining 440,141 shares will be redeemable by the Company at \$0.568 per share as of August 1,

2008 for any shares still owned at that time by MBL and only to the extent that MBL has not realized at least \$250,000 in gross proceeds upon the sales of its redeemable shares in the open market for the time period August 1, 2005 through August 30, 2008. Through March 31, 2007, to the best of our knowledge, no open market proceeds have been realized by MBL. Finally, the warrants originally issued to MBL to purchase 880,282 shares have been extended to August 31, 2008 and re-priced from \$0.568 per share to \$0.40 per share.

6. STOCK-BASED COMPENSATION

Adoption of SFAS 123(R)

Effective July 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standard No. 123 (revised 2004), “*Share-Based Payment*” (SFAS 123(R)) using the modified prospective transition method. In addition, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107, “*Share-Based Payment*” (“SAB 107”) in March 2005, which provides supplemental SFAS 123(R) application guidance based on the views of the SEC. Under the modified prospective transition method, compensation cost recognized in the quarterly and nine-month periods ended March 31, 2007 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of July 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all share-based payments granted beginning July 1, 2006, based on the grant date fair value estimated in accordance with the provision so SFAS 123(R). In accordance with the modified prospective transition method, results for prior periods have not been restated.

The adoption of SFAS 123(R) resulted in stock compensation expense for the quarterly and nine-month periods ended March 31, 2007 of \$35,847 and \$107,541 charged to general and administrative expenses. This expense increased basic and diluted loss per share by less than \$0.01 for the quarter and nine-month period. The Company did not recognize a tax benefit from the stock compensation expense because the Company considers more than likely than not that the related deferred tax assets, which have been reduced by a full valuation allowance, will not be realized.

The Black-Scholes option-pricing model was used to estimate the option fair values. The option-pricing model requires a number of assumptions, of which the most significant are expected stock price volatility, the expected pre-vesting forfeiture rate and the expected option term (the amount of time from the grant date until the options are exercised or expire). Expected volatility was calculated based upon actual historical stock price movements over recent periods equal to the expected option term. Expected pre-vesting forfeitures were estimated based on actual historical pre-vesting forfeitures over recent periods for the expected option term. The expected option term was calculated using the “simplified” method permitted by SAB 107.

Pro-Forma Stock Compensation Expense for the Quarterly and Nine-Month Periods Ended March 31, 2006

For the quarterly and nine-month periods ended March 31, 2006, the Company applied the intrinsic value method of accounting for stock options as prescribed by APB 25. Since all options granted to employees during the quarterly and nine-month periods ended March 31, 2006 had an exercise price equal to the closing market price of the underlying common stock on the grant date, no compensation expense was recognized. If compensation expense had been recognized based on the estimated fair value of each option granted in accordance with the provisions of SFAS 123 as amended by Statement of Financial Accounting Standard 148, our net loss and net loss per share would have been reduced to the following pro-forma amounts:

	Three Months Ended March 31, 2006	Nine Months Ended March 31, 2006
Net loss available to common shareholders as reported.....	\$(2,656,853)	\$(3,041,488)
Deduct total stock-based employee compensation expense determined under fair-value method for all awards, net of tax	(30,041)	\$ (90,122)
Pro forma net loss available to common shareholders	(2,686,894)	\$(3,131,610)
Net loss per share, basic and diluted as reported.....	\$ (0.27)	\$ (0.34)
Net loss per share, basic and diluted pro forma	\$ (0.27)	\$ (0.34)

Pro-forma compensation expense under SFAS 123, among other computational differences, does not consider potential pre-vesting forfeitures. Because of these differences, the pro-forma stock compensation expense presented above for the prior quarterly and six-month period ended December 31, 2005 under SFAS 123(R) are not directly comparable. In accordance with the modified prospective transition method of SFAS 123(R), the prior comparative quarterly results have not been restated.

Stock Options as of the Nine-Month Period Ended March 31, 2007

The Company's Amended and Restated 1999 Incentive Stock Plan and the 2006 Incentive Compensation Plan (the "Plan") provides for two separate components. The Stock Option Grant Program, administered by the Compensation Committee (the "Committee") appointed by the Company's Board of Directors, provides for the grant of incentive and non-statutory stock options to purchase common stock to employees, directors or other independent advisors designated by the Committee. The Restricted Stock Program administered by the Committee, provides for the issuance of Restricted Stock Awards to employees, directors or other independent advisors designated by the Committee.

The following table summarizes stock options outstanding and changes during the nine-month period ended March 31, 2007:

	<u>Outstanding Options</u>			<u>Aggregate Intrinsic Value</u>
	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in months)</u>	
Options outstanding at June 30, 2006.....	1,247,300	0.40	59.74	
Granted	860,000	0.38	80.0	
Exercised	—	—	—	
Cancelled or forfeited	(26,700)	1.53	3.43	
Options outstanding at March 31, 2007.....	2,080,600	0.38	64.38	\$ —
Options exercisable at March 31, 2007.....	767,267	0.43	46.29	\$ —

The total intrinsic value, or the difference between the exercise price and the market price on the date of exercise, of all options exercised during the nine-month period ended March 31, 2007, was zero as no options were exercised. Consequently, no cash was received, nor did the Company realize any tax deductions related to exercise of stock options during the quarter.

Stock options outstanding and currently exercisable at March 31, 2007 are as follows:

<u>Outstanding options</u>				<u>Exercisable options</u>	
<u>Range of exercise price</u>	<u>Number</u>	<u>Weighted average remaining contractual life (months)</u>	<u>Weighted average exercise price</u>	<u>Number</u>	<u>Weighted average exercise price</u>
0.625 – 1.375.....	83,500	11.0	0.79	83,500	0.79
0.30 – 0.46.....	1,997,100	64.7	0.36	683,767	0.38
	<u>2,080,600</u>	64.4	\$ 0.38	<u>767,267</u>	\$ 0.43

Total estimated unrecognized compensation cost from unvested stock options as of March 31, 2007 was approximately \$437,787 which is expected to be recognized over a weighted average period of approximately 22.6 months.

The weighted average per share fair value of stock options granted during the nine-month periods ending March 31, 2007 and 2006 was \$0.38 and \$0.30, respectively. The fair value was estimated as of the grant date using the Black-Scholes option pricing model with the following assumptions:

	<u>Nine Months Ended March 31,</u>	
	<u>2007</u>	<u>2006</u>
Volatility	111.5%	159.9%
Expected option term	7 years	7 years
Risk-free interest rate	4.39%	3.30%
Expected dividend yield	0%	0%

In addition to the stock options discussed above, the Company recognized share-basis compensation expense related to Restricted Stock awards of \$3,333 and \$9,999 for the three and nine months ended March 31, 2007. No such share-based compensation expense was recognized for the quarter and nine months ended March 31, 2006. The following table summarizes Non-vested Restricted Stock and the related activity as of and for the nine months ended March 31, 2007:

	<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
Non-vested at July 1, 2006	100,000	\$ 0.40
Granted	—	—
Non-vested at March 31, 2007	66,667	\$ 0.40

7. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

FAS 155 Disclosure. In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments.” This Statement amends FASB Statements No. 133, Accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing Financial Assets and Extinguishments of Liabilities. This Statement resolves issues addressed in Statement 133 Implementation Issue No. D1, “Application of Statement 133 to Beneficial Interests in Securitized Financial Assets.” SFAS No. 155 permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133, and establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. It also clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instruments that pertains to a beneficial interest other than another derivative financial instrument. This Statement is effective for all financial instruments acquired or issued after the beginning of an entity’s first fiscal year that begins after September 15, 2006. The Company has not yet determined the impact of the adoption of FAS 155 on its financial statements, if any.

SFAS No. 156 Disclosure. “Accounting for Servicing of Financial Assets-An Amendment to FASB Statement No. 140”. In March 2006, the FASB issued SFAS No. 156, “Accounting for Servicing of Financial Assets-an amendment to FASB Statement No. 140 (“SFAS 156”). SFAS 156 requires that all separately recognized servicing rights be initially measured at fair value, if practicable. In addition, this statement permits an entity to choose between two measurement methods (amortization method or fair value measurement method) for each class of separately recognized servicing assets and liabilities. SFAS 156 is effective for the Company as of January 1, 2007. The Company does not believe that the adoption of SFAS 156 will have a material impact on its consolidated financial statements.

FASB Interpretation No. 48 Disclosure. “Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109. In July 2006, the FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109” (“FIN 48”). This interpretation clarifies the application of SFAS 109 by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise’s financial statements and also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN 48 is effective for the Company as of July 1, 2007. At this time, we have not completed our review and assessment of the impact of adoption of FIN 48.

FAS 157. “Fair Value Measurements.” In September, 2006, the FASB issued Statement No. 157, “Fair Value Measurements”. SFAS 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently assessing the impact that SFAS 157 will have on our results of operations and financial position.

SFAS 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.” In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” (SFAS 158). SFAS 158 requires employers to fully recognize the obligations associated with single-employer defined benefit pension, retiree healthcare and other postretirement plans in their financial statements. The provisions of SFAS 158 are effective as of the end of the fiscal year ending June 30, 2007. The Company does not believe that the adoption of SFAS 156 will have a material impact on its consolidated financial statements.

SAB 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.” In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements” (SAB 108). SAB 108 requires public companies to quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in quantifying a misstatement as material, when all relevant quantitative and qualitative factors are considered. The guidance in SAB 108 is effective for the fiscal year ending June 30, 2007. The Company does not believe that the adoption of SFAS 156 will have a material impact on its consolidated financial statements.

SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115” which is effective for fiscal years beginning after November 15, 2007. This statement permits an entity to choose to measure many financial instruments and certain other items at fair value at specified election dates. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings. The Company does not believe that the adoption of SFAS 159 will have a material impact on its consolidated financial statements.

8. NOTES PAYABLE

Notes payable consist of the following at March 31, 2007 and June 30, 2006:

	<u>March 31, 2007</u>	<u>June 30, 2006</u>
Secured, amortizing convertible term note payable to institutional investors, net of discount of \$264,297, with interest at the greater of 12%, as adjusted by a stock trading formula, or prime plus 3% (11.25% as of March 31, 2007), interest only from June 1, 2005 through October 1, 2005 and, via a note modification dated November 30, 2006, December 1, 2006 through November 1, 2007 and then due in monthly installments of \$39,430.56 plus interest from December 1, 2007 through November 1, 2009, collateralized by commercial security agreements and a partial guaranty by an officer of the company	\$ 680,533	\$ 695,740
Secured, amortizing convertible term note payable to institutional investors, net of discount of \$586,248 with interest at the greater of 12%, as adjusted by a stock trading formula, or prime plus 3% (11.25% as of March 31, 2007), interest only from December 28, 2005 through June, 2006 and, via a note modification dated November 30, 2006, December 1, 2006 through November 1, 2007 and then due in monthly installments of \$50,000 plus interest through November 1, 2009, collateralized by commercial security agreements	613,752	415,187
Secured, non-amortizing convertible term note payable to institutional investors, with interest at the greater of 12%, as adjusted by a stock trading formula, or prime plus 3% (11.25% as of March 31, 2007), interest only payments commencing June 1, 2005 until May 19, 2008, collateralized by commercial security agreements	500,000	500,000
Secured, restricted, non-amortizing convertible term note payable to institutional investors, under its original terms with interest at prime, interest only payments commencing June 1, 2005 until the earlier of May 19, 2008 or the date the proceeds to the company are no longer restricted, collateralized by commercial security agreements. As a result of the note modification dated November 30, 2006, referred to above, this note was deemed paid in full	—	250,000
Note payable, unsecured, to redeemable common shareholders, with interest at prime plus 2.0% (10.25% at March 31, 2007) due in monthly installments with principal payments ranging from \$5,000 to \$10,000 plus interest through August 2008	120,000	200,000
	1,914,285	2,060,927
Current portion, net of current portion of discount	(319,163)	(770,151)
Notes payable, excluding current portion	<u>\$ 1,595,122</u>	<u>\$ 1,290,776</u>

The convertible notes payable restrict the payment of dividends on the Company’s common stock.

Item 2.

CORGENIX MEDICAL CORPORATION Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes included elsewhere herein.

General

Since the Company's inception, we have been primarily involved in the research, development, manufacturing and marketing/distribution of diagnostic tests for sale to clinical laboratories. We currently market 51 products covering autoimmune disorders, vascular diseases, infectious diseases and liver disease. Our products are sold in the United States, the UK and other countries through our marketing and sales organization that includes direct sales representatives, contract sales representatives, internationally through an extensive distributor network, and to several significant OEM partners.

We manufacture products for inventory based upon expected sales demand, shipping products to customers, usually within 24 hours of receipt of orders if in stock. Accordingly, we do not operate with a significant customer order backlog.

Except for the fiscal year ending June 30, 1997, we have experienced revenue growth since our inception, primarily from sales of products and contract revenues from strategic partners. Contract revenues consist of service fees from research and development agreements with strategic partners.

Beginning in fiscal year 1996, we began adding third-party OM licensed products to our diagnostic product line. Currently we sell 128 products licensed from or manufactured by third party manufacturers. We expect to expand our relationships with other companies in the future to gain access to additional products.

Although we have experienced growth in revenues every year since 1990, except for 1997, there can be no assurance that, in the future, we will sustain revenue growth, current revenue levels, or achieve or maintain profitability. Our results of operations may fluctuate significantly from period-to-period as the result of several factors, including: (i) whether and when new products are successfully developed and introduced, (ii) market acceptance of current or new products, (iii) seasonal customer demand, (iv) whether and when we receive research and development payments from strategic partners, (v) changes in reimbursement policies for the products that we sell, (vi) competitive pressures on average selling prices for the products that we sell, and (vii) changes in the mix of products that we sell.

Recently Issued Accounting Pronouncements

FAS 155 Disclosure. In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments." This Statement amends FASB Statements No. 133, Accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing Financial Assets and Extinguishments of Liabilities. This Statement resolves issues addressed in Statement 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets." SFAS No. 155 permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133, and establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. It also clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives and amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instruments that pertains to a beneficial interest other than another derivative financial instrument. This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The Company has not yet determined the impact of the adoption of FAS 155 on its financial statements, if any.

SFAS No. 156 Disclosure. "Accounting for Servicing of Financial Assets-An Amendment to FASB Statement No. 140." In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets-an amendment to FASB Statement No. 140 ("SFAS 156"). SFAS 156 requires that all separately recognized servicing rights be initially measured at fair value, if practicable. In addition, this statement permits an entity to choose between two measurement

methods (amortization method or fair value measurement method) for each class of separately recognized servicing assets and liabilities. SFAS 156 is effective for the Company as of January 1, 2007. The Company does not believe that the adoption of SFAS 156 will have a material impact on its consolidated financial statements.

FASB Interpretation No. 48 Disclosure. “Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109. In July 2006, the FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109” (“FIN 48”). This interpretation clarifies the application of SFAS 109 by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an enterprise’s financial statements and also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. FIN 48 is effective for the Company as of July 1, 2007. At this time, we have not completed our review and assessment of the impact of adoption of FIN 48.

FAS 157, “Fair Value Measurements.” In September, 2006, the FASB issued Statement No. 157 “Fair Value Measurements”. SFAS 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently assessing the impact that SFAS 157 will have on our results of operations and financial position.

SFAS 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans.” In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans” (SFAS 158). SFAS 158 requires employers to fully recognize the obligations associated with single-employer defined benefit pension, retiree healthcare and other postretirement plans in their financial statements. The provisions of SFAS 158 are effective as of the end of the fiscal year ending June 30, 2007. The Company does not believe that the adoption of SFAS 156 will have a material impact on its consolidated financial statements.

SAB 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.” In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements” (SAB 108). SAB 108 requires public companies to quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in quantifying a misstatement as material, when all relevant quantitative and qualitative factors are considered. The guidance in SAB 108 is effective for the fiscal year ending June 30, 2007. The Company does not believe that the adoption of SFAS 156 will have a material impact on its consolidated financial statements.

SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115” which is effective for fiscal years beginning after November 15, 2007. This statement permits an entity to choose to measure many financial instruments and certain other items at fair value at specified election dates. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings. The Company does not believe that the adoption of SFAS 159 will have a material impact on its consolidated financial statements.

Critical Accounting Policies

The Company’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and our significant accounting policies are summarized in Note 1 to the accompanying consolidated financial statements. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

The Company disclosed in Note 1 to its consolidated financial statements included in the Form 10-KSB those accounting policies that it considers to be significant in determining its results of operations and financial position. Other than the Company’s compliance with the new accounting requirements of SFAS No. 123(R), as described below, there have been no material changes to or application of the accounting policies previously identified and described in the Form 10-KSB.

Prior to July 1, 2006, the Company accounted for stock option awards granted under the Company’s Incentive Compensation Plan in accordance with the recognition and measurement provisions of Accounting Principles Board Opinion

No. 25, "Accounting for Stock Issued to Employees," ("APB 25") and related Interpretations, as permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," (SFAS 123). Share-based employee compensation expense was not recognized in the Company's consolidated statements of operations prior to July 1, 2006 as all stock option awards granted to employees had an exercise price equal to or greater than the market value of the common stock on the date of the grant. As permitted by SFAS 123, the Company reported pro-forma disclosures presenting results and earnings (loss) per share as if the Company had used the fair value recognition provisions of SFAS 123 in the Notes to Consolidated Financial Statements. Stock-based compensation related to non-employees was accounted for based on the fair value of the related stock or options in accordance with SFAS 123 and its interpretations.

Effective July 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standard No. 123 (revised 2004), "Share-Based Payment," (SFAS 123(R)) using the modified prospective transition method. See Note 2 for further detail on the impact of SFAS 123(R) to the Company's consolidated financial statements.

The Company maintains an allowance for doubtful accounts based on its historical experience and provides for any specific collection issues that are identified. Such allowances have historically been adequate to provide for our doubtful accounts but involve a significant degree of management judgment and estimation. Worse than expected future economic conditions, unknown customer credit problems and other factors may require additional allowances for doubtful accounts to be provided for in future periods.

Equipment and software are recorded at cost. Equipment under capital leases is recorded initially at the present value of the minimum lease payments. Depreciation and amortization is calculated primarily using the straight-line method over the estimated useful lives of the respective assets that range from 3 to 7 years.

The internal and external costs of developing and enhancing software costs related to website development, other than initial design and other costs incurred during the preliminary project stage, are capitalized until the software has been completed. Such capitalized amounts began to be amortized commencing when the website was placed in service on a straight-line basis over a three-year period.

When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and a gain or loss is recognized.

Repair and maintenance costs are expensed as incurred.

We evaluate the realizability of our long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Revenue from sale of products is recognized upon shipment of products.

Revenue from research and development contracts represents amounts earned pursuant to agreements to perform research and development activities for third parties and is recognized as earned under the respective agreement. Because research and development services are provided evenly over the contract period, revenue is recognized ratably over the contract period. Research and development agreements in effect in 2007 and 2006 provided for fees to the Company based on time and materials in exchange for performing specified research and development functions. Research and development and advertising costs are expensed when incurred. Inventories are recorded at the lower of cost or market, using the first-in, first-out method.

Results of Operations

Three Months Ended March 31, 2007 compared to 2006

Net sales. Net sales for the quarter ended March 31, 2007 were \$2,011,996, a 23.1% increase from \$1,634,446 in the same quarter of fiscal 2006. Total North American sales increased 14.6% while total sales to international distributors increased 52.9% from year to year. With respect to the Company's major revenue categories and product lines, North American direct product-only sales decreased less than 1%, whereas international direct product-only sales increased 59.9%. Worldwide category results were as follows: Phospholipids kit sales increased 1.8% for the quarter, Coagulation kit sales decreased 21.5%, HA kit sales increased 67.0%, and Autoimmune kit sales increased 101.4%. Additionally, worldwide OEM/contract manufacturing revenues increased 148.8%. Sales of products manufactured for us by other companies while still relatively small, are expected to continue to increase during fiscal 2007.

Cost of sales. Cost of sales, as a percentage of sales, increased to 40.6% for the quarter ended March 31, 2007, from 38.1% in 2006 primarily due to product mix reduction from higher gross margin products in addition to higher direct labor and material costs.

Selling and marketing. For the quarter ended March 31, 2007, selling and marketing expenses increased 16.7% to \$504,120 from \$431,944 in 2006. The increase was due to increases in consulting fees and outside services, labor-related expenses, business promotion expenditures, rent and office supplies.

Research and development. Research and development expenses decreased 13.6% to \$180,254 for the quarter ended March 31, 2007, from \$208,624 in 2006. This decrease involved decreases in labor-related costs, consulting and outside services. The overall reduction in this expense category was primarily due to the capitalization of all costs related to the Aspirin Works development effort, upon the execution of said license, which had previously been charged to research and development expenses.

General and administrative. For the quarter ended March 31, 2007, general and administrative expenses increased \$135,311, or 32.8% to \$548,137 from \$412,826 in 2006. This increase was primarily attributable to increases in labor-related expenses, aborted licensing costs, terminated merger-related expenses, bad debt expense, bank charges, consulting and outside services, sales and use taxes, and facility supplies.

Interest expense. Interest expense decreased 52.6% to \$308,460 for the quarter ended March 31, 2007, from \$650,664 in 2006 due primarily to the reduction of the amortization of deferred financing costs and discount on the notes payable as a result of the recently completed principal payment deferral on the Company's convertible debt.

Nine Months Ended March 31, 2007 compared to 2006

Net sales. Net sales for the nine months ended March 31, 2007 were \$5,390,919, a 11.1% increase from \$4,850,282 in the first nine months of fiscal 2006. Total North American sales increased 7.4% while total sales to international distributors increased 22.8% from year to year. One of the reasons for the smaller size of the increase in sales for the nine month period was related to the relocation into new facilities both in the United States and the UK with the resultant manufacturing, shipping and receiving shut-down during the majority of July 2006. With respect to the Company's major revenue categories and product lines, North American direct product-only sales decreased 1.4%, whereas international direct product-only sales increased 59.9%. Worldwide category results were as follows: Phospholipids kit sales increased 6.8% for the period, Coagulation kit sales decreased 7.8%, HA kit sales increased 19.2%, and Autoimmune kit sales increased 8.4%. Additionally, worldwide OEM/contract manufacturing revenues increased 77.9%. Sales of products manufactured for us by other companies while still relatively small, are expected to continue to increase during fiscal 2007.

Cost of sales. Cost of sales, as a percentage of sales, increased to 39.6% for the nine ended March 31, 2007, from 36.7% in 2006 primarily due to product mix reduction from higher gross margin products in addition to higher direct labor and material costs.

Selling and marketing. For the nine months ended March 31, 2007, selling and marketing expenses increased 33.2% to \$1,569,858 from \$1,178,370 in 2006. The increase was due to increases in consulting fees and outside services, labor-related expenses, business promotion expenditures, rent and office supplies.

Research and development. Research and development expenses increased 19.5% to \$586,061 for the nine months ended March 31, 2007, from \$490,380 in 2006. This increase was primarily due to increases in labor-related costs and facility-related expenses, offset to a significant degree by the capitalization of all costs related to the Aspirin Works development effort, upon the execution of said license, which had previously been charged to research and development expenses.

General and administrative. For the nine months ended March 31, 2007, general and administrative expenses increased \$698,275, or 61.1% to \$1,841,616 from \$1,143,341 in 2006. This increase was primarily attributable to increases in labor-related expenses, aborted licensing costs, terminated merger-related expenses, bad debt expense, bank charges, consulting and outside services, sales and use taxes, and facility supplies.

Interest expense. Interest expense increased 5.1% to \$1,416,047 for the nine months ended March 31, 2007, from \$1,347,455 in 2006 due primarily to a full nine months worth of amortization of deferred financing costs and discount on the notes payable as a result of the second tranche of the private debt placement completed in December, 2005.

Liquidity and Capital Resources

Cash used in operating activities was \$1,112,767 for the current fiscal nine months compared to cash used in operating activities of \$758,057 during the prior year's first fiscal nine months. The increase in cash used in operations resulted primarily from the larger net loss for the current period in addition to increases in inventories, prepaid expenses and other assets partially offset by an increase in accounts payable and a decrease in accounts receivable. The substantial increase in inventories from year to year was primarily due to increases in overhead as a result of the move to a considerably larger facility, plus increases in direct labor costs, purchases of raw materials and freight charges. The Company believes that uncollectible accounts receivable will not have a significant effect on future liquidity, as a significant portion of its accounts receivable are due from financially sound enterprises.

Net cash used by investing activities and the purchase of equipment, was \$231,210 in the nine-month period, compared to \$44,836 for the prior year's same nine-month period. The increase was mainly attributable to increased spending on laboratory, refrigeration and manufacturing equipment to equip the new facility in addition to data processing equipment.

Net cash used by financing activities amounted to \$573,635 during the recent nine months compared to \$3,092,481 provided by financing activities the prior fiscal year. This decrease in cash used versus the comparable prior year was primarily due to there being no proceeds from either the issuance of preferred stock or notes payable in the current period plus increased cash payments on notes payable and capital lease obligations.

Historically, we have financed our operations primarily through long-term debt and the sales of common, redeemable common and preferred stock. We have also financed operations through sales of diagnostic products and agreements with strategic partners. Accounts receivable increased 3.5% to \$1,136,320, from \$1,097,805 as of March 31, 2006 primarily as a result of sales increases.

We have incurred significant losses and have had negative cash flows from operations for most of our history. We have developed and are continuing to strive to implement an operating plan intended to eventually achieve sustainable profitability and positive cash flow from operations. Key components of this plan include accelerating revenue growth and the cash to be derived from existing product lines as well as new diagnostic products, expansion of our strategic alliances with other biotechnology and diagnostic companies, improving operating efficiencies to reduce cost of sales, thereby improving gross margins, and lowering overall operating expenses. Management has been successful in increasing revenues in the prior fiscal year ended June 30, 2006 by \$1,070,944 or 19.2% and for the first nine months of fiscal 2007 in increasing revenues by \$540,637 or 11.1%, and is forecasting continued revenue growth for the remainder of this fiscal year as well as the fiscal year ended June 30, 2008. However, management has not yet achieved the necessary level of operating efficiencies to lower our cost of sales and operating expenses, and consequently, we have been forced to scale back expenditures, delay payments on accounts payable, and, in November of 2006, enter into a twelve month principal deferral agreement with our convertible debt holders in order to maintain financial liquidity. This deferral was previously reported in filings to the SEC. There are significant risks associated with the operating plan and we might be forced to further modify the plan as circumstances change in order to achieve the goals of achieving profitability and cash flow from operations.

Although the operating plan is intended to achieve sustainable profitability and positive cash flow from operations, we may not be successful in our efforts. Even with our operating plan, we expect to continue incurring operating losses for the remainder of fiscal 2007 and at least for the first six months of fiscal 2008, as it will take time for our strategic and operating initiatives to have a positive effect on our business operations and cash flow. In view of this, we have undertaken a process to consider all available strategic and legal alternatives.

We expect to continue to incur operating losses for the remainder of fiscal 2007 and at least the first six months of fiscal 2008 while we implement our strategic and operating initiatives that are intended to have a positive effect on our business operations.

Should any other significant negative events occur, our financial position will be negatively impacted by our not achieving positive cash flow from operations, or by our experiencing further increases in negative cash flow and losses. Given all of these circumstances, we are currently seeking additional financing. We may also experience future defaults under the agreements with our convertible debt holders and/or redeemable common shareholder, in which case they would be entitled to accelerate the amounts payable to them. To satisfy our working capital requirements we are currently seeking to raise additional funds through the sale of equity securities. In addition, we may need to explore the incurrence of additional indebtedness and/or enter into collaborative agreements with third parties or evaluate the possible divestiture of product lines.

In addition, we may be required to reduce our sales and marketing activities, reduce the scope of or eliminate our research and development programs, or relinquish rights to technologies or products that we might otherwise seek to develop or commercialize.

Additional equity or debt financing may not be available on acceptable terms, or at all. Although our common stock has, since February of 1998, been traded on the OTC Bulletin Board, the trading has been sporadic with typically insignificant volume. This low level of liquidity will likely make it considerably more difficult to raise additional capital. If we do raise additional equity financing, our current stockholders will be further diluted. If we incur additional indebtedness to fund our operations, we may have to grant the lender a secondary security interest in our assets since all of our assets are currently pledged as security related to our convertible debt.

Alternatives with respect to our business and assets might also include entering into strategic alliances with or seeking to merge or combine with another medical device, diagnostic or life-sciences company with greater resources and infrastructure. If a suitable candidate cannot be found, we will continue to fully explore and assess all of the strategic and legal options available to us. Due to the uncertainty of the cash flow from operations and the success of the operating plan, there can be no assurance that we will have adequate resources to continue operations for longer than 12 months.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Contractual Obligations and Commitments

On February 8, 2006, Corgenix Medical Corporation (the "Company") entered into a Lease Agreement (the "Lease") with York County, LLC, a California limited liability company ("Landlord") pursuant to which the Company leases approximately 32,000 rentable square feet (the "Property") of Landlord's approximately 102,400 square foot building, commonly known as Broomfield One and located at 11575 Main Street, Broomfield, Colorado 80020. The Property is part of Landlord's multi-tenant real property development known as the Broomfield Corporate Center. The Company will use the Property for its headquarters, laboratory research and development facilities and production facilities.

The term of the Lease (the "Term") is seven years and five months commencing on July 6, 2006 with tenant options to extend the Term for up to two periods of five years each. We have a one time right of first refusal to lease contiguous premises.

The initial base lease rate payable on the 25,600 square foot portion of the premises was \$0.00 per square foot, plus estimated operating expenses of \$1.61 per square foot.

The base lease rate payable on the 25,600 square foot portion of the premises increased to \$4.00 per square foot on January 28, 2007, plus amortization of tenant improvements of \$5.24 per square foot, plus estimated operating expenses of \$1.61 per square foot. The base lease rate on the 25,600 square foot portion of the premises increases to \$5.64 per square foot on January 28, 2008, with fixed annual increases each January 28 thereafter during the initial Term, plus the amortization of tenant improvements of \$5.24 per square foot, and estimated operating expenses of \$1.61 per square foot.

The initial base lease rate payable on the 6,400 square foot portion of the premises is \$0.00 per square foot, plus estimated operating expenses of \$1.61 per square foot. The base lease rate on the 6,400 square foot portion of the premises increases to \$3.00 per square foot commencing on August 28, 2007, and increases to \$3.09 on January 28, 2008, with fixed annual increases each January 28 thereafter during the initial Term, plus estimated operating expenses of \$1.61 per square foot.

Thus, the estimated total rent (this is dependent upon the actual operating expenses) on the whole (32,000 sf) of the premises is initially \$1.61 per square foot, then increased to approximately \$9.00 per square foot on January 28, 2007, then increases to approximately \$9.60 per square foot on August 28, 2007, then increases to approximately \$10.93 per square foot on January 28, 2008, with annual increases in the base lease rate each January 28 thereafter during the initial Term, up to an estimated total rent of \$13.18 per square foot during the final year of the initial Term.

The base lease rate for an extension period is 100% of the then prevailing market rental rate (but in no event less than the rent for the last month of the then current Term) and shall thereafter increase annually by 3% for the remainder of the applicable extension period.

Item 3.

Controls and Procedures

Evaluation of disclosure controls and procedures. The Company, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 240.13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act") as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were effective for the purposes of recording, processing, summarizing and timely reporting information required to be disclosed by the Company in the reports that it files under the Securities Exchange Act of 1934 and that such information is accumulated and communicated to the Company's management in order to allow timely decisions regarding required disclosure.

Changes in internal controls. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date.

Forward-Looking Statements and Risk Factors

This 10-QSB includes statements that are not purely historical and are "forward-looking statements" within the meaning of Section 21E of the Securities Act of 1934, as amended, including statements regarding our expectations, beliefs, intentions or strategies regarding the future. All statements other than historical fact contained in this 10-QSB, including, without limitation, statements regarding future capital requirements, acquisition strategies, strategic partnership expectations, technological developments, the development, the availability of necessary components, research and development programs and distribution plans, are forward-looking statements. All forward-looking statements included in this 10-QSB are based on information available to us on the date hereof, and we assume no obligation to update such forward-looking statements. Although we believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct or that we will take any actions that may presently be planned.

An investment in Corgenix entails certain risks that should be carefully considered. In addition, these risk factors could cause actual results to differ materially from those expected include the following:

We continue to incur losses and require additional financing.

We have incurred operating losses and negative cash flow from operations for most of our history. Losses incurred since our inception have aggregated \$11,448,250 and there can be no assurance that we will be able to generate positive cash flows to fund our operations in the future or to pursue our strategic objectives.

We have incurred significant losses and have had negative cash flows from operations for most of our history. We have developed and are continuing to strive to implement an operating plan intended to eventually achieve sustainable profitability and positive cash flow from operations. Key components of this plan include accelerating revenue growth and the cash to be derived from existing product lines as well as new diagnostic products, expansion of our strategic alliances with other biotechnology and diagnostic companies, improving operating efficiencies to reduce cost of sales, thereby improving gross margins, and lowering overall operating expenses. Management has been successful in increasing revenues in the prior fiscal year ended June 30, 2006 by \$1,070,944 or 19.2% and for the first nine months of fiscal 2007 in increasing revenues by \$540,637 or 11.1%, and is forecasting continued revenue growth for the remainder of this fiscal year as well as the fiscal year ended June 30, 2008. However, management has not yet achieved the necessary level of operating efficiencies to lower our cost of sales and operating expenses, and consequently, we have been forced to scale back expenditures, delay payments on accounts payable, and, in November of 2006, enter into a twelve month principal deferral agreement with our convertible debt holders in order to maintain financial liquidity. This deferral was previously reported in filings to the SEC. There are significant risks associated with the operating plan and we might be forced to further modify the plan as circumstances change in order to achieve the goals of achieving profitability and cash flow from operations.

Although the operating plan is intended to achieve profitability and positive cash flow from operations, we may not be successful in our efforts. Even with our operating plan, we expect to continue incurring operating losses for the remainder of fiscal 2007 and at least for the first six months of fiscal 2008, as it will take time for our strategic and operating initiatives

to have a positive effect on our business operations and cash flow. In view of this, we have undertaken a process to consider all available strategic and legal alternatives.

We expect to continue to incur operating losses for the remainder of fiscal 2007 and at least the first six months of fiscal 2008 while we implement our strategic and operating initiatives that are intended to have a positive effect on our business operations.

Should any other significant negative events occur, our financial liquidity position will be negatively impacted by our not achieving positive cash flow from operations, or by our experiencing further increases in negative cash flow and losses. Given all of these circumstances, we are currently seeking additional financing. We may also experience future defaults under the agreements with our convertible debt holders and/or redeemable common shareholder, in which case they would be entitled to accelerate the amounts payable to them. To satisfy our working capital requirements we are currently seeking to raise additional funds through the sale of equity securities. In addition, we may need to explore the incurrence of additional indebtedness and/or enter into collaborative agreements with third parties or evaluate the possible divestiture of product lines. In addition, we may be required to reduce our sales and marketing activities, reduce the scope of or eliminate our research and development programs, or relinquish rights to technologies or products that we might otherwise seek to develop or commercialize.

Additional equity or debt financing may not be available on acceptable terms, or at all. Although our common stock has, since February of 1998, been traded on the OTC Bulletin Board, the trading has been sporadic with typically insignificant volume. This low level of liquidity will likely make it considerably more difficult to raise additional capital. If we do raise additional equity financing, our current stockholders will be further diluted. If we incur additional indebtedness to fund our operations, we may have to grant the lender a secondary security interest in our assets since all of our assets are currently pledged as security related to our convertible debt.

Alternatives with respect to our business and assets might also include entering into strategic alliances with or seeking to merge or combine with another medical device, diagnostic or life-sciences company with greater resources and infrastructure. If a suitable candidate cannot be found, we will continue to fully explore and assess all of the strategic and legal options available to us. Due to the uncertainty of the cash flow from operations and the success of the operating plan, there can be no assurance that we will have adequate resources to continue operations for longer than 12 months.

We depend upon collaborative relationships and third parties for product development and commercialization.

We have historically entered into research and development agreements with collaborative partners, from which we derived revenues in past years. Pursuant to these agreements, our collaborative partners have specific responsibilities for the costs of development, promotion, regulatory approval and/or sale of our products. We will continue to rely on future collaborative partners for the development of products and technologies. There can be no assurance that we will be able to negotiate such collaborative arrangements on acceptable terms, if at all, or that current or future collaborative arrangements will be successful. To the extent that we are not able to establish such arrangements, we could be forced to undertake such activities entirely at our own expense. The amount and timing of resources that any of these partners devotes to these activities may be based on progress by us in our product development efforts. Collaborative arrangements may be terminated by the partner upon prior notice without cause and there can be no assurance that any of these partners will perform its contractual obligations or that it will not terminate its agreement. With respect to any products manufactured by third parties, there can be no assurance that any third-party manufacturer will perform acceptably or that failures by third parties will not delay clinical trials or the submission of products for regulatory approval or impair our ability to deliver products on a timely basis.

There can be no assurance of successful or timely development of additional products.

Our business strategy includes the development of additional diagnostic products for the diagnostic business. Our success in developing new products will depend on our ability to achieve scientific and technological advances and to translate these advances into commercially competitive products on a timely basis. Development of new products requires significant research, development and testing efforts. We have limited resources to devote to the development of products and, consequently, a delay in the development of one product or the use of resources for product development efforts that prove unsuccessful may delay or jeopardize the development of other products. Any delay in the development, introduction and marketing of future products could result in such products being marketed at a time when their cost and performance characteristics would not enable them to compete effectively in their respective markets. If we are unable, for technological

or other reasons, to complete the development and introduction of any new product or if any new product is not approved or cleared for marketing or does not achieve a significant level of market acceptance, our ability to remain competitive in our product niches would be impaired.

Competition in the human medical diagnostics industry is, and is expected to remain, significant.

Our competitors range from development stage diagnostics companies to major domestic and international pharmaceutical and biotechnology companies. Many of these companies have financial, technical, marketing, sales, manufacturing, distribution and other resources significantly greater than ours. In addition, many of these companies have name recognition, established positions in the market and long standing relationships with customers and distributors also greater than ours. Moreover, the diagnostics industry continues to demonstrate a degree consolidation, whereby some of the large domestic and international pharmaceutical companies have been acquiring mid-sized diagnostics companies, further increasing the concentration of resources. There can be no assurance that technologies will not be introduced that could be directly competitive with or superior to our technologies.

Our products and activities are subject to regulation by various governments and government agencies.

The testing, manufacture and sale of our products is subject to regulation by numerous governmental authorities, principally the United States Food and Drug Administration and certain foreign regulatory agencies. Pursuant to the Federal Food, Drug, and Cosmetic Act, and the regulations promulgated there under, the FDA regulates the preclinical and clinical testing, manufacture, labeling, distribution and promotion of medical devices. We are limited in our ability to commence marketing or commercial sales in the United States of new products under development until we receive clearance or approval from the FDA. The testing for, preparation of and subsequent FDA regulatory review of required filings can be a lengthy, expensive and uncertain process. Noncompliance with applicable requirements can result in, among other consequences, fines, injunctions, civil penalties, recall or seizure of products, repair, replacement or refund of the cost of products, total or partial suspension of production, failure of the government to grant pre-market clearance or pre-market approval for devices, withdrawal of marketing clearances or approvals, and criminal prosecution.

There can be no assurance that we will be able to obtain necessary regulatory approvals or clearances for our products on a timely basis, if at all, and delays in receipt of or failure to receive such approvals or clearances, the loss of previously received approvals or clearances, limitations on intended use imposed as a condition of such approvals or clearances or failure to comply with existing or future regulatory requirements could negatively impact our sales and thus have a material adverse effect on our business.

As a manufacturer of medical devices for marketing in the United States, we are required to adhere to applicable regulations setting forth detailed good manufacturing practice requirements, which include testing, control and documentation requirements. We must also comply with Medical Device Report (MDR) requirements, which require that a manufacturer reports to the FDA any incident in which its product may have caused or contributed to a death or serious injury, or in which its product malfunctioned and, if the malfunction were to recur, it would be likely to cause or contribute to a death or serious injury. We are also subject to routine inspection by the FDA for compliance with Quality System Regulations requirements, MDR requirements and other applicable regulations. Labeling and promotional activities are subject to scrutiny by the FDA and, in certain circumstances, by the Federal Trade Commission. We may incur significant costs to comply with laws and regulations in the future, which would decrease our net income or increase our net loss and thus have a potentially material adverse effect upon our business, financial conditions and results of operations.

Distribution of diagnostic products outside the United States is subject to extensive foreign government regulation. These regulations, including the requirements for approvals or clearance to market, the time required for regulatory review and the sanctions imposed for violations, vary from country to country. We may be required to incur significant costs in obtaining or maintaining foreign regulatory approvals. In addition, the export of certain of our products that have not yet been cleared for United States commercial distribution may be subject to FDA export restrictions. Failure to obtain necessary regulatory approval or the failure to comply with regulatory requirements could reduce our product sales and thus have a potentially material adverse effect on our business, financial condition and results of operations.

We depend upon distribution partners for sales of diagnostic products in international markets.

We have entered into distribution agreements with collaborative partners in which we have granted distribution rights for certain of our products to these partners within specific international geographic areas. Pursuant to these

agreements, our collaborative partners have certain responsibilities for market development, promotion, and sales of the products. If any of these partners fails to perform its contractual obligations or terminates its agreement, this could reduce our sales and cash flow and thus have a potentially material adverse effect on our business, financial condition and results of operations.

Third party reimbursement for purchases of our diagnostic products is uncertain.

In the United States, health care providers that purchase diagnostic products, such as hospitals and physicians, generally rely on third party payers, principally private health insurance plans, federal Medicare and state Medicaid, to reimburse all or part of the cost of the purchase. Third party payers are increasingly scrutinizing and challenging the prices charged for medical products and services and they can affect the pricing or the relative attractiveness of the product. Decreases in reimbursement amounts for tests performed using our diagnostic products, failure by physicians and other users to obtain reimbursement from third party payers, or changes in government and private third party payers' policies regarding reimbursement of tests utilizing diagnostic products, may affect our ability to sell our diagnostic products profitably. Market acceptance of our products in international markets is also dependent, in part, upon the availability of reimbursement within prevailing health care payment systems.

Our success depends, in part, on our ability to obtain patents and license patent rights, to maintain trade secret protection and to operate without infringing on the proprietary rights of others.

There can be no assurance that our issued patent will afford meaningful protection against a competitor, or that patents issued or licensed to us will not be infringed upon or designed around by others, or that others will not obtain patents that we would need to license or design around. We could incur substantial costs in defending the Company or our licensees in litigation brought by others. The potential for reduced sales and increased legal expenses would have a negative impact on our cash flow and thus our overall business could be adversely affected.

We may not be able to successfully implement our plans to acquire other companies or technologies.

Our growth strategy includes the acquisition of complementary companies, products or technologies. There is no assurance that we will be able to identify appropriate companies or technologies to be acquired, to negotiate satisfactory terms for such an acquisition, or to obtain sufficient capital to make such acquisitions. Moreover, because of limited cash resources, we will be unable to acquire any significant companies or technologies for cash and our ability to effect acquisitions in exchange for our capital stock may depend upon the market prices for our common stock, which could result in significant dilution to its existing shareholders. If we do complete one or more acquisitions, a number of risks arise, such as disruption of our existing business, short-term negative effects on our reported operating results, diversion of management's attention, unanticipated problems or legal liabilities, and difficulties in the integration of potentially dissimilar operations. Any of these factors could materially harm Corgenix's business or its operating results.

We depend on suppliers for our products' components.

The components of our products include chemical, biological and packaging supplies that are generally available from several suppliers, except certain antibodies and other critical components, which we purchase from single suppliers. We mitigate the risk of a loss of supply by maintaining a sufficient supply of such antibodies to ensure an uninterrupted supply for at least three months. We have also qualified second vendors for all critical raw materials and believe that we can substitute a new supplier with respect to any of these components in a timely manner. If, for some reason, we lose our main supplier for a given material, there can be no assurances that we will be able to substitute a new supplier in a timely manner and failure to do so could impair the manufacturing of certain of our products and thus have a material adverse effect on our business, financial condition and results of operations.

We have only limited manufacturing experience with certain products.

Although we have manufactured over twelve million diagnostic tests based on our proprietary applications of ELISA (enzyme linked immuno-absorbent assay) technology, certain of our diagnostic products in consideration for future development, incorporate technologies with which we have limited manufacturing experience. Assuming successful development and receipt of required regulatory approvals, significant work may be required to scale up production for each new product prior to such product's commercialization. There can be no assurance that such work can be completed in a timely manner and that such new products can be manufactured cost-effectively, to regulatory standards or in sufficient volume.

Due to the specialized nature of our business, our success will be highly dependent upon our ability to attract and retain qualified scientific and executive personnel.

We believe our success will depend to a significant extent on the efforts and abilities of Dr. Luis R. Lopez and Douglass T. Simpson, who would be difficult to replace. There can be no assurance that we will be successful in attracting and retaining such skilled personnel, who are generally in high demand by other companies. The loss of, inability to attract, or poor performance by key scientific and executive personnel may have a material adverse effect on our business, financial condition and results of operations.

The testing, manufacturing and marketing of medical diagnostic devices entails an inherent risk of product liability claims.

To date, we have experienced no product liability claims, but any such claims arising in the future could have a material adverse effect on our business, financial condition and results of operations. Potential product liability claims may exceed the amount of our insurance coverage or may be excluded from coverage under the terms of our policy or limited by other claims under our umbrella insurance policy. Additionally, there can be no assurance that our existing insurance can be renewed by us at a cost and level of coverage comparable to that presently in effect, if at all. In the event that we are held liable for a claim against which we are not insured or for damages exceeding the limits of our insurance coverage, such claim could have a material adverse effect on our cash flow and thus potentially a materially adverse effect on our business, financial condition and results of operations.

There has, to date, been no active public market for our Common Stock, and there can be no assurance that an active public market will develop or be sustained.

Although our Common Stock has been traded on the OTC Bulletin Board® since February 1998, the trading has been sporadic with insignificant volume.

Moreover, the over-the-counter markets for securities of very small companies historically have experienced extreme price and volume fluctuations. These broad market fluctuations and other factors, such as new product developments, trends in our industry, the investment markets, economic conditions generally, and quarterly variation in our results of operations, may adversely affect the market price of our common stock. In addition, our common stock is subject to rules adopted by the Securities and Exchange Commission regulating broker-dealer practices in connection with transactions in “penny stocks.” Such rules require the delivery prior to any penny stock transaction of a disclosure schedule explaining the penny stock market and all associated risks and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors, which are generally defined as institutions or an investor with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 together with the spouse. For these types of transactions the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser’s written consent to the transaction prior to sale. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in securities subject to the penny stock rules.

There are risks associated with fluctuating exchange rates.

Our financial statements are presented in US dollars. At the end of each fiscal quarter and the fiscal year, we convert the financial statements of Corgenix UK, which operates in pounds sterling, into US dollars, and consolidate them with results from Corgenix, Inc. We may, from time to time, also need to exchange currency from income generated by Corgenix UK. Foreign exchange rates are volatile and can change in an unknown and unpredictable fashion. Should the foreign exchange rates change to levels different than anticipated by us, our business, financial condition and results of operations may be adversely affected.

CORGENIX MEDICAL CORPORATION

PART II

Other Information

Item 1. Legal Proceedings

On January 4, 2007 the Company filed a complaint in the United States District Court for the District of Colorado against Biosafe Laboratories, Inc., a corporation organized and existing under the laws of the State of Illinois. The complaint states, among other things, that Corgenix and Biosafe are parties to a non-binding Letter of Intent dated September 12, 2006 (the "LOI"), under which the companies explored the possibility of a licensing arrangement between them for the sale of some of Biosafe's products. Upon execution of this non-binding LOI, Corgenix paid to Biosafe a deposit of \$250,000. The LOI specifically required Biosafe to refund \$225,000 of that deposit to Corgenix in the event that a binding agreement was not reached between the parties (the "Refundable Deposit"). A binding agreement was never reached between the two companies and even though Biosafe was obligated to refund the Refundable Deposit to Corgenix and demand was made by Corgenix for said Refundable Deposit, Biosafe refused to return the Refundable Deposit. Corgenix has brought suit against Biosafe, and seeks relief in the form of, but not limited to, the refund of the Refundable Deposit, in addition to all damages sustained.

On February 20, 2007 Biosafe disputed the above claims and filed a counterclaim against the Company, which states, among other things, that Corgenix failed to go forward with the execution of the binding agreement after the terms of said agreement were fully negotiated and drafted and that the required funding had been secured. It also claims that Corgenix failed to disclose, in a timely fashion, that it needed Board of Director approval prior to execution of the binding agreement, and overall did not deal with Biosafe in good faith and with fair dealing. Biosafe's counterclaim claims damages of \$1,000,000.

On March 12, 2007 the Company filed its reply to the above counterclaims denying the validity of all of the counter claims by Biosafe and again requesting that judgment be entered in its favor and that the Company be awarded its \$225,000 deposit and any other costs.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Company's first payment to CCC (see *Recent Developments* above) became due at the execution of the Agreement. The Company has provided a combination of cash, shares of the Company's common stock, and warrants to purchase the Company's common stock. Following FDA clearance of the first Licensed Product, the Company will be required to make additional payments to CCC. On the first, second and third anniversary of that clearance, the Company will be obligated to make payments consisting of cash, shares of common stock, and warrants to purchase shares of common stock. The amount of cash and number of shares and warrants due in these anniversary payments will be determined by application of a formula including a certain dollar value, the total cumulative revenue received by the Company from sales of the Licensed Products during that year, and the Company's common stock share price on the relevant anniversary. The dollar value applicable to that ratio increases with each anniversary.

The Agreement imposes caps on the total amount of cash, common stock, and warrant payments from the Company to CCC from the date of execution through to and including the third anniversary payment. Under that cap provision, the total anniversary payments will not exceed \$200,000 in cash, \$300,000 in value of shares of common stock (as valued on the date of issue), and 300,000 warrants to purchase shares of common stock.

Item 3. Defaults Upon Senior Securities

None

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

The following proposals were voted by the shareholders at the April 26, 2007 Annual Shareholders' Meeting:

Proposal 1 — Election of Directors

Dr. Luis Lopez: 8,885,420 votes for; 377,438 votes withheld
C. David Kikumoto: 8,891,690 votes for; 371,168 votes withheld
Larry G. Rau: 8,889,690 votes for; 373,168 votes withheld
Charles H. Scoggin: 8,885,420 votes for; 377,438 votes withheld
Douglass T. Simpson: 8,881,620 votes for; 381,238 votes withheld
Robert Tutag: 8,891,690 votes for; 371,168 votes withheld
Dennis Walczewski: 8,891,590 votes for; 371,268 votes withheld

Proposal 2 — Approval of the 2007 Incentive Compensation Plan

Approval: 4,278,228 votes for; 1,537,511 votes against; 108,491 votes abstain; 3,338,628 not voted.

Proposal 3 — Approval of the Second Amended and Restated Employee Stock Purchase Plan

Approval: 4,345,660 votes for; 1,491,171 votes against; 87,399 votes abstain; 3,338,628 not voted.

Proposal 4 — Ratification of Hein & Associates

Approval: 5,889,111 votes for; 24,920 votes against; 10,199 votes abstain; 3,338,628 not voted

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a. Index to and Description of Exhibits.

Exhibit Number	Description of Exhibit
10.1*	Consulting Agreement dated March 1, 2006, between Corgenix Medical Corporation and Gordon E. Ens.
10.2*	License Agreement dated March 1, 2007, between Corgenix Medical Corporation and Creative Clinical Concepts, Inc. (1)
31.1*	Certification of Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officers pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, or adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

(1) Exhibit omits certain information that has been filed separately, with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended.

(b) Reports on Form 8-K.

1. Form 8-K filed January 4, 2007 *Other Events*
2. Form 8-K filed February 14, 2007 *Results of Operations and Financial Conditions*
3. Form 8-K filed March 1, 2007 *Entry into a Material Definitive Agreement and Unregistered Sales of Equity Securities*
4. Form 8-K filed April 26, 2007 *Annual Shareholders' Meeting*

SIGNATURES

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

CORGENIX MEDICAL CORPORATION

May 15, 2007

By: /s/ Douglass T. Simpson

Douglass T. Simpson
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ William H. Critchfield

William H. Critchfield
Chief Financial Officer
(Principal Financial and Accounting Officer)