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ICU MEDICAL INC/DE
Form 8-K
November 14, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) October 31, 2002

ICU MEDICAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE -----	0-19974 -----	33-0022692 -----
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
951 Calle Amanecer, San Clemente, California -----		92673 -----
(Address of principal executive offices)		(Zip Code)

(949) 366-2183

Registrant's telephone number, including area code

N/A

(Former name or former address, if changed since last report)

ITEM 2. ACQUISITION AND DISPOSITION OF ASSETS.

On October 31, 2002, ICU Medical, Inc. (the "Company"), pursuant to an agreement signed on October 29, 2002, acquired the following securities of Bio-Plexus, Inc. from ComVest Venture Partners, L.P. and other investors (referred to as "ComVest"):

9,695,961 shares of Common Stock, representing 84% of the common stock outstanding;

Warrants to purchase 1,294,788 shares of Common Stock at an exercise price of \$2.28 per share;

\$2,499,999, 7% Senior Subordinated Non-convertible

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Promissory Notes (the "Notes").

The aggregate consideration paid was \$6,404,667 for the Common Stock and warrants and \$2,499,999 for the Notes. In addition, the Company paid Commonwealth Associates, L.P. a termination fee of \$290,879. All consideration was paid in cash from working capital of the Company.

On November 4, 2002, the Company acquired 99,350 shares of Common Stock of Bio-Plexus, Inc. from certain shareholders for aggregate consideration of \$65,626, equal to \$0.66055 per share, the same price paid to ComVest. All consideration was paid in cash from working capital of the Company.

On November 7, Bio-Plexus, Inc. issued and sold 3,789,078 shares of Common Stock of Bio-Plexus, Inc. to the Company in cancellation of the Notes at the rate of one share for each \$0.66055 of indebtedness cancelled.

On November 12, 2002, the Company acquired 99,891 shares of Common Stock of Bio-Plexus, Inc. from a stockholder for aggregate consideration of \$65,983, equal to \$0.66055 per share, the same price paid to ComVest. All consideration was paid in cash from working capital of the Company.

On November 13, 2002: the Company contributed 13,684,280 shares of Common Stock of Bio-Plexus, Inc., representing 90.9% of Bio-Plexus, Inc.'s outstanding Common Stock, to Bio-Plexus Merger Corp., Inc.; a wholly-owned subsidiary of the Company Bio-Plexus Merger Corp., was merged into Bio-Plexus, Inc.; the 1,375,415 outstanding shares of Bio-Plexus, Inc. not owned by the Company became a right to receive \$908,599 cash, at a rate of \$0.6606 per share; and Bio-Plexus, Inc. became a wholly-owned subsidiary of the Company. The cash consideration will be paid from working capital of the Company.

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Bio-Plexus is engaged in the design, development, manufacture, sale and licensing of medical products designed to prevent the infection of healthcare workers through accidental needlesticks. Bio-Plexus's principal products are blood collection needles, under the PUNCTUR-GUARD(R) name, that are designed to eliminate exposure to sharp, contaminated needles.

The transaction will be accounted for as a purchase under generally accepted accounting principles.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Business Acquired

The financial statements of Bio-Plexus, Inc. at December 31, 2001 and for the three years then ended and the report of independent auditors are incorporated by reference to Bio-Plexus, Inc.'s Form 10-K filed with the Securities and Exchange Commission (Commission file number 0-24218) for the year ended December 31, 2001.

The unaudited condensed financial statements of Bio-Plexus, Inc. at June 30, 2002 and for the six months then ended are incorporated by reference to Bio-Plexus, Inc.'s Form 10-Q filed with the Securities and Exchange for the quarter ended June 30, 2002.

(b) Pro Forma Financial Information

ICU Medical, Inc. and Bio-Plexus, Inc.:

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Unaudited Pro Forma Condensed Combined Balance Sheets at June 30, 2002

Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations for the Year Ended December 31, 2001

Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations for the Six Months Ended June 30, 2002.

(c) Exhibits

- 2.1 Securities Purchase Agreement.(1)
- 2.2 Note Purchase Agreement.(1)
- 23.1 Consent of Independent Public Accountants
- 99.1 Financial Statements of Bio-Plexus, Inc. at December 31, 2001 and the three years then ended

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Report of Independent Accountants
Balance Sheets at December 31, 2001 and 2000

Statements of Operations for the years ended December 31, 2001, 2000 and 1999

Statements of Changes in Shareholders' Equity (Deficit) for the years ended December 31, 2001, 2000 and 1999

Statements of Cash Flows for the years ended December 31, 2001, 2000 and 1999

Notes to Financial Statements

- 99.2 Condensed Financial Statements of Bio-Plexus, Inc. at June 30, 2002 and for the three and six months then ended

Condensed Balance Sheets at June 30, 2002 (unaudited) and December 31, 2001

Condensed Statements of Operations (unaudited) for the three months ended June 30, 2002 and 2001

Condensed Statements of Operations (unaudited) for the six months ended June 30, 2002 and 2001

Condensed Statements of Cash Flows (unaudited) for the six months ended June 30, 2002 and 2001

Notes to Condensed Financial Statements (unaudited)

- 99.3 Press Release dated October 30, 2002.(2)

- 99.4 Press Release dated November 1, 2002

(1) Filed as an Exhibit to Registrant's Schedule 13D dated November 12, 2002 and incorporated herein by reference.

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(2) Filed as an Exhibit to Registrant's Current Report on Form 8-K dated October 31, 2002 and incorporated herein by reference.

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UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined consolidated balance sheet as of June 30, 2002 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2001 and the six months ended June 30, 2002 are based on our historical financial statements and those of Bio-Plexus after giving effect to the purchase of Bio-Plexus by us and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined consolidated financial statements.

The unaudited proforma condensed combined balance sheet is presented to give effect to the purchase as if it occurred on June 30, 2002. The unaudited proforma condensed combined statements of operations is presented as if the purchase had occurred on January 1, 2001.

Under the purchase method of accounting, the total estimated purchase price is allocated to net tangible and intangible assets of Bio-Plexus, based on their fair values on the date of the purchase. Independent valuation specialists may assist us in determining fair values of those assets. The fair values reflected in the unaudited pro forma condensed combined financial statements are our preliminary estimates. Final determination of those values will be made before completion of our December 31, 2002 consolidated financial statements.

Further, the unaudited pro forma condensed combined consolidated balance sheet includes certain adjustments and liabilities related to the integration of us and Bio-Plexus, and there may be additional adjustments and liabilities identified as we make further progress in integration planning. However, liabilities for severance and other costs related to Bio-Plexus employees and costs, if any, related to exiting certain Bio-Plexus activities would affect amounts in the pro forma financial statements. The unaudited pro forma condensed combined consolidated statements of operations do not reflect any pro forma effect of expense reductions for portions of the periods before they were actually achieved by Bio-Plexus, nor do they reflect the effect of expense reductions that we expect to implement as part of the integration of Bio-Plexus's operations with our operations. Further, the pro forma condensed combined consolidated financial statements also do not include the effects of tax positions available to us or the use of any of Bio-Plexus's tax loss carryforwards.

The unaudited pro forma condensed combined consolidated financial statements should be read in conjunction with our historical consolidated financial statements and accompanying notes filed with the Securities and Exchange Commission and the financial statements of Bio-Plexus filed with the Securities and Exchange Commission and incorporated herein by reference.

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The unaudited pro forma condensed combined consolidated financial statements are not intended to represent or be indicative of the consolidated results of operations or financial position that we would have reported had the purchase of Bio-Plexus occurred on the dates presented, and should not be taken as representative of our future consolidated results of operations or financial position.

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ICU MEDICAL, INC. AND BIO-PLEXUS, INC
 Unaudited Pro Forma Condensed Combined Consolidated Balance Sheets
 June 30, 2002
 (all dollar amounts in thousands except share data)

	Historical		Pro F Adjus
	ICU Medical, Inc.	Bio-Plexus, Inc.	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 1,590	\$ 2,325	\$
Liquid investments	86,126	--	
	87,716	2,325	(
Cash and liquid investments			
Accounts receivable, net	16,554	785	
Inventories	3,399	1,721	
Prepaid expenses and other	1,365	174	
Deferred income taxes - current portion	2,113	--	
	111,147	5,005	(
Total current assets			
PROPERTY AND EQUIPMENT, net	27,164	7,317	
DEFERRED INCOME TAXES	963	--	
AMORTIZABLE INTANGIBLE ASSETS	--	419	
OTHER ASSETS	776	316	
	\$ 140,050	\$ 13,057	=====
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current portion of long-term debt	\$ --	\$ 63	\$
Accounts payable	2,783	602	
Accrued liabilities	6,598	208	
	9,381	873	-----
Total current liabilities			
LONG-TERM DEBT	--	3,667	
STOCKHOLDERS' EQUITY:			
Preferred stock			
Common stock	1,387	12	
Additional paid-in capital	58,749	99,234	(
Retained earnings	70,533	(90,729)	
	130,669	8,517	-----
Total stockholders' equity			
	\$ 140,050	\$ 13,057	\$
	=====	=====	=====

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The accompanying notes are an integral part of these pro forma condensed combined consolidated financial statements.

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ICU MEDICAL, INC. AND BIO-PLEXUS, INC.
 Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations
 For the Year Ended December 31, 2001
 (all dollar amounts in thousands except share and per share data)

	Historical	
	ICU Medical, Inc.	Bio-Plexus, Inc.
NET SALES	\$ 69,055	\$ 6,371
COST OF GOODS SOLD	28,932	4,343
	40,123	2,028
Gross profit		
OPERATING EXPENSES:		
Selling, general and administrative	16,816	6,323
Research and development	1,188	1,538
	18,004	7,861
Total operating expenses		
Income from operations	22,119	(5,833)
INVESTMENT INCOME	1,988	66
FINANCING EXPENSE	--	(917)
	24,107	(6,684)
Income (loss) before income taxes and reorganization costs		
REORGANIZATION COSTS	--	3,377
PROVISION FOR INCOME TAXES	8,720	--
	15,387	(10,061)
NET INCOME (LOSS)	\$ 15,387	\$ (10,061)
NET INCOME PER SHARE		
Basic	\$ 1.20	(\$ 1.65)
Diluted	\$ 1.06	(\$ 1.65)
	12,840,556	6,081,913
WEIGHTED AVERAGE NUMBER OF SHARES		
Basic	12,840,556	6,081,913
Diluted	14,454,087	6,081,913
	14,454,087	6,081,913

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The accompanying notes are an integral part of these pro forma condensed combined consolidated financial statements.

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ICU MEDICAL, INC.AND BIO-PLEXUS, INC.
 Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations
 For the Six Months Ended June 30, 2002
 (all dollar amounts in thousands except share and per share data)

	Historical		Pro Form Adjustmen
	ICU Medical, Inc.	Bio-Plexus, Inc.	
NET SALES	\$ 43,573	\$ 3,950	
COST OF GOODS SOLD	17,888	2,407	\$ (3)
Gross profit	25,685	1,543	3
OPERATING EXPENSES:			
Selling, general and administrative	10,655	2,819	3
Research and development	649	509	
Total operating expenses	11,304	3,328	3
Income from operations	14,381	(1,785)	
INVESTMENT INCOME	740	13	
FINANCING EXPENSE	--	(67)	
Income (loss) before income taxes	15,121	(1,839)	
PROVISION FOR INCOME TAXES	5,600	--	
NET INCOME (LOSS)	\$ 9,521	\$ (1,839)	\$
NET INCOME PER SHARE			
Basic	\$ 0.70	(\$ 0.16)	
Diluted	\$ 0.62	(\$ 0.16)	
WEIGHTED AVERAGE NUMBER OF SHARES			
Basic	13,616,595	11,559,482	
Diluted	15,234,707	11,559,482	

The accompanying notes are an integral part of these pro forma condensed

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combined consolidated financial statements.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRO FORMA PRESENTATION

On October 31, 2002, ICU Medical, Inc. (the "Company"), pursuant to an agreement signed on October 29, 2002, acquired the following securities of Bio-Plexus, Inc. from ComVest Venture Partners, L.P. and other investors (referred to as "ComVest"):

9,695,961 shares of Common Stock, representing 84% of the common stock outstanding

Warrants to purchase 1,294,788 shares of Common Stock at an exercise price of \$2.28 per share;

\$2,499,999, 7% Senior Subordinated Non-convertible Promissory Notes (the "Notes").

The aggregate consideration paid was \$6,404,667 for the Common Stock and warrants and \$2,499,999 for the Notes. In addition, the Company paid Commonwealth Associates, L.P. a termination fee of \$290,879. All consideration was paid in cash from working capital of the Company.

On November 4, 2002, the Company acquired 99,350 shares of Common Stock of Bio-Plexus, Inc. from certain shareholders for aggregate consideration of \$65,626, equal to \$0.66055 per share, the same price paid to ComVest. All consideration was paid in cash from working capital of the Company.

On November 7, Bio-Plexus, Inc. issued and sold 3,789,078 shares of Common Stock of Bio-Plexus, Inc. to the Company in cancellation of the Notes at the rate of one share for each \$0.66055 of indebtedness cancelled.

On November 12, 2002, the Company acquired 99,891 shares of Common Stock of Bio-Plexus, Inc. from a stockholder for aggregate consideration of \$65,983, equal to \$0.66055 per share, the same price paid to ComVest. All consideration was paid in cash from working capital of the Company.

On November 13, 2002: the Company contributed 13,684,280 shares of Common Stock of Bio-Plexus, Inc., representing 90.9% of Bio-Plexus, Inc.'s outstanding Common Stock, to Bio-Plexus Merger Corp., Inc.; a wholly-owned subsidiary of the Company Bio-Plexus Merger Corp., was merged into Bio-Plexus, Inc.; the 1,375,415 outstanding shares of Bio-Plexus, Inc. not owned by the Company became a right to receive \$908,599 cash, at a rate of \$0.6606 per share; and Bio-Plexus, Inc. became a wholly-owned subsidiary of the Company. The cash consideration will be paid from working capital of the Company.

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The transaction will be accounted for as a purchase under generally accepted accounting principles.

The estimated total purchase price of Bio-Plexus, Inc. is as follows

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(in thousands):

Payment to ComVest for common stock and Notes	\$ 8,905
Payment to other common stockholders	1,041
Estimated transaction costs	505
Estimated integration costs, principally employee severance	527

Total estimated purchase price	\$10,978
	=====

Under the purchase method of accounting, the total estimated purchase price as shown in the table above is allocated to net tangible and intangible assets of Bio-Plexus, based on their fair values on the date of the purchase. Independent valuation specialists may assist the Company in determining fair values of those assets. The fair values reflected in the unaudited pro forma condensed combined financial statements are preliminary estimates by the Company and are subject to material change. Final determination of those values will be made before completion of the Company's December 31, 2002 consolidated financial statements. Based on the preliminary estimates by the Company, the estimated purchase price is allocated as follows:

Net tangible assets	\$ 6,475
Amortizable intangible assets	4,725
Reduction of net deferred tax asset	(222)

Total estimated purchase price allocation	\$10,978
	=====

The depreciation and amortization adjustments related to the differences between the amounts of the estimated purchase price allocation and the amounts in Bio-Plexus's historical financial statements are reflected as pro forma adjustments in the pro forma condensed combined consolidated statement of operations.

Amortizable intangible assets consist principally of amounts allocated to the estimated future value of royalty agreements (\$2,487) and the estimated value of Bio-Plexus's patents (\$2,063). The balance relates to customer contracts and trademarks.

1. PRO FORMA ADJUSTMENTS

Pro forma adjustments are necessary to reflect the differences between the historical book values in Bio-Plexus's financial statements and the estimated amounts allocated in the purchase price allocation, and the related effects on depreciation and amortization.

The pro forma combined provision for income taxes does not reflect the amounts that would have resulted if Bio-Plexus had been included on our consolidated income tax returns for the periods presented. Further, it does not include any benefit from the utilization of Bio-Plexus's net operating loss carryforward; the annual utilization of such loss carryforwards for federal income tax

purposes is limited to the fair market value of Bio-Plexus immediately preceding the change in ownership by the long-term, tax-exempt rate prescribed by the Internal Revenue Service. We have not yet completed the calculation of the annual limitation, but preliminarily expect that it will be less than \$200. Any benefit realized will be allocated to amortizable intangible assets until they are reduced to zero, and then to reduce income tax expense.

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The purchase price allocation could be affected by tax positions that we may take that are still being evaluated.

The unaudited pro forma condensed combined consolidated balance sheets include certain adjustments and liabilities related to the integration of us and Bio-Plexus, and there may be additional adjustments and liabilities identified as we make further progress in integration planning. However, liabilities for severance and other costs related to Bio-Plexus employees and costs, if any, related to exiting certain Bio-Plexus activities would affect amounts in the pro forma financial statements.

The pro forma adjustments are as follows:

- (a) Adjustment to reflect cash purchase price, and the payment of \$178,000 by Bio-Plexus to acquire shares of its Common Stock from certain stockholders.
- (b) Adjustment to record the difference between the preliminary estimate of fair value and historical amounts of Bio-Plexus's property, plant and equipment, and the resulting adjustment to depreciation.
- (c) Adjustment to record the difference between the preliminary estimate of fair value and historical amounts of Bio-Plexus's intangible assets, and the resulting adjustment to amortization.
- (d) Adjustment to eliminate debt retired at the time of the acquisition and related deferred debt costs. (e) Adjustment to reflect estimated transaction costs and integration costs (f) Adjustment to reflect reduction in net deferred tax assets related to the pro forma adjustments.
- (g) Adjustment to eliminate all debt expense except that related to a mortgage on Bio-Plexus's building and capital leases. All other debt had been previously retired at the time Bio-Plexus was reorganized under Chapter 11 of the Bankruptcy Code, or was retired as part of our acquisition of Bio-Plexus.
- (h) Adjustment to eliminate stockholders' equity accounts of Bio-Plexus
- (i) Adjustment to eliminate non-recurring charge related to Bio-Plexus's reorganization under Chapter 11 of the Bankruptcy Code
- (j) Pro forma income tax effect of the pro forma adjustments.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 13, 2002

ICU MEDICAL, INC.

/s/ Francis J. O'Brien

Francis J. O'Brien

Secretary, Treasurer and
Chief Financial Officer