GUIDED THERAPEUTICS INC
Form S-1
November 14, 2012

As filed with the Securities and Exchange Commission on November 14, 2012

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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Guided Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

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Delaware	3845	58-2029543
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

5835 Peachtree Corners East, Suite D
Norcross, Georgia 30092
(770) 242-8723

(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)

_____

Mark L. Faupel
President and Chief Executive Officer
Guided Therapeutics, Inc.
5835 Peachtree Corners East, Suite D
Norcross, Georgia 30092
(770) 242-8723

(Name, address, including zip code, and telephone number, including area code, of agent for service)

_____

Copy to:

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Heith D. Rodman, Esq.
Jones Day
1420 Peachtree Street, N.E.
Suite 800
Atlanta, Georgia 30309-3053
(404) 521-3939

Approximate date of commencement of proposed sale to the public: From time to time following the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. R

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨Accelerated filer ¨Non-accelerated filer ¨Smaller reporting company R

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calculation of registration fee

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value $0.001 per share	15,167,448	$0.64	$9,707,167	$1,324

(1) In the event of a stock split, stock dividend or other similar transaction involving the registrant's common stock, in order to prevent dilution, the number of shares of common stock registered hereby shall be automatically increased to cover the additional common shares in accordance with Rule 416(a) under the Securities Act of 1933.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. Based on the average of the high and low sales prices of the registrant's common stock ($0.64 per share) on the OTCQB quotation system on November 09, 2012.

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

The information in this prospectus is not complete and may be changed. The selling stockholders may not sell or offer these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and neither Guided Therapeutics nor the selling stockholders are soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

Subject to completion, dated November 14, 2012

15,167,448 Shares of Common Stock

of

Guided Therapeutics, Inc.

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This prospectus relates to 15,167,448 shares of our common stock issued or issuable upon the exercise of warrants at an exercise price of $0.40 to $0.80 per share. The shares offered by this prospectus may be sold from time to time by the selling stockholders listed in this prospectus at prevailing market prices or prices negotiated at the time of sale. See “Plan of Distribution” and “Selling Stockholders.”

We will not receive any cash proceeds from the sale of shares by the selling stockholders, but to the extent that the warrants are exercised in whole or in part, we will receive payment for the exercise price. We will pay the expenses of registering these shares.

Our common stock is dually listed on the OTC Bulletin Board (OTCBB) and the OTCQB quotation systems under the symbol “GTHP.” The last reported sale price of our common stock on the OTCBB on November 9, 2012 was $0.64 per share. The selling stockholders will sell at a prevailing market price per share as quoted on the OTCBB.

Investing in our common stock involves a high degree of risk. These risks are described under the caption “Risk Factors” that begins on page 3 of this prospectus.

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of the common stock that may be offered under this prospectus, nor have any of these organizations determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2012.

ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus or a prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus is an offer to sell only the common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information appearing in this prospectus is accurate only as of the date hereof. Our business, financial condition, results of operations and prospects may have changed.

The terms "Guided Therapeutics," "our," "we," and "us," as used in this prospectus, refer to Guided Therapeutics, Inc. and its wholly-owned subsidiary.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and may not contain all of the information that may be important to you. We urge you to read the entire prospectus carefully, including the ‘‘Risk Factors’’ section, before making an investment decision.

Our Company

We are a medical technology company focused on developing innovative medical devices that have the potential to improve healthcare. Our primary focus is the development of our LuViva™ non-invasive cervical cancer detection device and extension of our cancer detection technology into other cancers, especially lung and esophageal. Our technology, including products in research and development, primarily relates to biophotonics technology for the non-invasive detection of cancers, including cervical cancer.

We are a Delaware corporation, originally incorporated in 1992 under the name “SpectRx, Inc.,” and, on February 22, 2008, changed our name to Guided Therapeutics, Inc. At the same time, we renamed our majority owned subsidiary, InterScan, which originally had been incorporated as “Guided Therapeutics.”

Non-Invasive Cervical Cancer Detection

We believe our LuViva cervical cancer detection device will provide a less invasive and painless alternative to conventional tests for cervical cancer detection. We also believe LuViva can improve patient well-being and reduce healthcare costs, since it reduces or eliminates pain, is convenient to use and provides rapid results at the point-of-care. We completed enrollment in our U.S. Food and Drug Administration (“FDA”) pivotal trial of LuViva in 2008 and on November 18, 2010, the FDA accepted our completed premarket approval (“PMA”) application, effective September 23, 2010, for substantive review. On March 7, 2011, we announced that the FDA had inspected two clinical trial sites as part of its review process and raised no formal compliance issues. On January 20, 2012, we announced our intent to seek an independent panel review of our PMA application after receiving a “not-approvable” letter from the FDA. On May 9, 2012, we announced that we submitted our formal response to the FDA “not-approvable” letter, including additional information requested by the FDA and a request for a meeting. On July 25, 2012, we announced that we met with the FDA on July 20, 2012 regarding efforts to gain PMA for LuViva. Assuming we receive FDA approval in early 2013, we currently anticipate a late 2013 product launch in the United States. Product launch outside the United Sates commenced, as expected, in the second half of 2012, but we cannot be assured we will be able to launch on these timetables, or at all.

Other Cancers

We believe our non-invasive cervical cancer detection technology can be applied to other cancers as well. To that end, we are working with Konica Minolta Opto, Inc. (“Konica Minolta Opto”), a subsidiary of Konica Minolta, Inc., a Japanese corporation based in Tokyo (“Konica Minolta”) to adapt our cervical cancer detection technology for detection of lung cancer and esophageal cancer (see “Our Business—Industry Overview—Lung and Esophageal Cancer Detection—Konica Minolta”).

Recent Developments

Between July 1, 2012 and November 9, 2012, the Company had received a total of about $3,072,000, from the exercise of outstanding warrants to purchase an aggregate of 9,642,689 shares of our common stock.

On October 23, 2012, we announced that we had signed an agreement with I.T.E.M. Medical Technologies Group to distribute our LuViva cervical cancer detection device in Turkey, Iraq and Azerbaijan.

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On July 5, 2012, we completed an exchange offer for certain of our outstanding warrants to purchase up to an aggregate of approximately 28.4 million shares of our common stock. The warrants eligible for exchange had an exercise price of $0.65 per share and exercise periods ending on July 26, 2012 or March 1, 2013. The exchange offer expired on July 5, 2012. As of such date, holders of eligible warrants exercisable to purchase approximately 15,941,640 shares of our common stock had tendered such warrants for exchange. Those warrants tendered for exchange were exchanged for three classes of new warrants. New warrants exercisable for approximately 7.8 million shares of our common stock had an exercise price of $0.40 per share if exercised on or before July 15, 2012, $0.45 per share if exercised between July 16, 2012 and August 15, 2012, and $0.50 per share if exercised after August 15, 2012. These new warrants expired at the close of business on September 15, 2012. New warrants exercisable for approximately 472,000 shares and 3.6 million shares at $0.65 per share expire on July 26, 2013 and March 1, 2014, respectively. New warrants exercisable for approximately 472,000 shares and 3.6 million shares at $0.80 per share expire on July 26, 2014 and March 1, 2015, respectively. As of November 9, 2012, the Company has received approximately $2.9 million in cash proceeds from the exercise of new warrants issued in the exchange offer.

The Offering

Common stock that may be offered by the selling stockholders	15,167,448 shares of our common stock. See “Selling Stockholders” on page 11.
Use of proceeds	We will not receive any proceeds from the resale of the shares of common stock. However, to the extent the warrants are exercised in whole or in part, we will receive payment for the exercise price. The terms of the warrants are described under “Description of Securities—Warrants and Options.” We expect to use any proceeds we receive from the exercise of the warrants for general corporate purposes, including working capital, capital expenditures and repaying or refinancing our debt obligations. See “Use of Proceeds” on page 10.
Market for the common stock	Our common stock is dually listed on the OTCBB and the OTCQB quotation systems under the symbol “GTHP.” See “Market for Our Common Stock and Related Stockholder Matters” on page 25.
Risk factors	You should read “Risk Factors” beginning on page 3 for an explanation of the risks of investing in our common stock.

Our principal executive and operations facility is located at 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092, and our telephone number is (770) 242-8723.

RISK FACTORS

Any investment in our company is subject to risks inherent to our business. Before making an investment decision, you should carefully consider the risks described below together with all of the other information included in this prospectus.

Although we will be required to raise additional funds by the first quarter of 2013, there is no assurance that such funds can be raised on terms that we would find acceptable, or at all.

Additional debt or equity financing will be required for us to continue as a going concern. Management may seek to obtain additional funds for the financing of our cervical cancer detection business, through additional debt or equity financings and/or new collaborative arrangements. Management believes that additional financing, if obtainable, will be sufficient to support planned operations only for a limited period. Management has implemented operating actions to reduce cash requirements. Any required additional funding may not be available on terms attractive to us or at all.

If we cannot obtain additional funds or achieve profitability, we may not be able to continue as a going concern.

Because we must obtain additional funds through further financing transactions or through collaborative arrangements in order to execute our plans to launch our cervical cancer detection product line and to generate revenue from operations, there exists substantial doubt about our ability to continue as a going concern. Therefore, it will be necessary to raise additional funds. There can be no assurance that we will be able to raise these additional funds. If we do not secure additional funding when needed, we will be unable to conduct all of our product development efforts as planned, which may cause us to alter our business plan in relation to the development of our products. Even if we obtain additional funding, we will need to achieve profitability thereafter.

Our independent registered public accountants' report on our financial statements as of December 31, 2011, indicates that there is substantial doubt about our ability to continue as a going concern because we had suffered recurring losses from operations and had an accumulated deficit of $85.0 million at December 31, 2011, summarized as follows:

Accumulated deficit from inception to fiscal year ended 2009	$73.9 million
Net Loss for fiscal year 2010, ended December 31, 2010	$ 4.5 million
Accumulated deficit at fiscal year ended December 31, 2010	$78.4 million
Net Loss for fiscal year 2011, ended December 31, 2011	$6.6 million
Accumulated deficit, from inception to December 31, 2011	$85.0 million

We suffered further losses from operations in the first three quarters of 2012. For the nine months ended September 30, 2012, we had a net loss of $3.2 million and our accumulated deficit at September 30, 2012 was approximately $90.9 million. We are also in default on payments due on some short-term loans.

Our management has implemented reductions in operating expenditures and reductions in some development activities. We have determined to make cervical cancer detection the focus of our business. We are managing the development of our other programs only when funds are made available to us via grants or contracts with government entities or strategic partners. However, there can be no assurance that we will be able to successfully implement or continue these plans.

If we cannot obtain additional funds when needed, we will not be able to implement our business plan.

We will require substantial additional capital to develop our products, including completing product testing and clinical trials, obtaining all required regulatory approvals and clearances, beginning and scaling up manufacturing, and marketing our products. We have historically financed our operations though the private sale of preferred stock and debt securities, public and private sales of common stock, funding from collaborative arrangements, and grants. We believe funds on hand as of the date of this prospectus, along with funds from government contracts and grants, and our collaborative arrangement with Konica Minolta, will be sufficient to support planned operations through the first quarter of 2013, but will not be sufficient to fund our planned operations to the point of commercial introduction of our LuViva cervical cancer detection device. Any failure to achieve adequate funding in a timely fashion would delay our development programs and could lead to abandonment of one or more of our development initiatives. To the extent we cannot obtain additional funding, our ability to continue to develop and introduce products to market will be limited.

Further, financing our operations through the public or private sale of debt or equity, may involve restrictive covenants or other provisions that could limit how we conduct our business or finance our operations. Financing our operations through collaborative arrangements generally means that the obligations of the collaborative partner to fund our expenditures are largely discretionary and depend on a number of factors, including our ability to meet specified milestones in the development and testing of the relevant product. We may not be able to meet these milestones, or the collaborative partner may not continue to fund our expenditures.

We do not have a long operating history, especially in the cancer detection field, which makes it difficult to evaluate our business.

Although we have been in existence since 1992, we have only just begun the process of commercializing our cervical cancer detection technology. Because limited historical information is available on our revenue trends and operations for our cancer detection programs it is difficult to evaluate our business. Our prospects must be considered in light of the substantial risks, expenses, uncertainties and difficulties encountered by entrants into the medical device industry, which is characterized by increasing intense competition and a high failure rate.

We have a history of losses, and we expect losses to continue.

We have never been profitable and we have had operating losses since our inception. We expect our operating losses to continue as we continue to expend substantial resources to complete development of our products, obtain regulatory clearances or approvals, and build our marketing, sales, manufacturing and finance organizations, and conduct further research and development. To date, we have engaged primarily in research and development efforts. The further development and commercialization of our products will require substantial development, regulatory, sales and marketing, manufacturing and other expenditures. We have only generated limited revenues from product sales. Our accumulated deficit was approximately $90.9 million at September 30, 2012.

Our ability to sell our products is controlled by government regulations, and we may not be able to obtain any necessary clearances or approvals.

The design, manufacturing, labeling, distribution and marketing of medical device products are subject to extensive and rigorous government regulation, which can be expensive and uncertain and can cause lengthy delays before we can begin selling our products.

In the United States, the FDA’s actions could delay or prevent our ability to sell our products, which would adversely affect our growth and strategy plans.

In order for us to market our products in the United States, we must obtain clearance or approval from the FDA. We cannot be sure that:

- we, or any collaborative partner, will make timely filings with the FDA;
- the FDA will act favorably or quickly on these submissions;
- we will not be required to submit additional information or perform additional clinical studies; or
- other significant difficulties and costs will not be encountered to obtain FDA clearance or approval.

It can take several years from initial filing of a PMA application and require the submission of extensive supporting data and clinical information. The FDA may impose strict labeling or other requirements as a condition of its clearance or approval, any of which could limit our ability to market our products. Further, if we wish to modify a product after FDA approval of a PMA application, including changes in indications or other modifications that could affect safety and efficacy, additional clearances or approvals will be required from the FDA. Any request by the FDA

for additional data, or any requirement by the FDA that we conduct additional clinical studies, could result in a significant delay in bringing our products to market and substantial additional research and other expenditures. Similarly, any labeling or other conditions or restrictions imposed by the FDA could hinder our ability to effectively market our products. Any of the above actions by the FDA could delay or prevent altogether our ability to market and distribute our products. Further, there may be new FDA policies or changes in FDA policies that could be adverse to us.

In foreign countries, including European countries, we are also subject to government regulation, which could delay or prevent our ability to sell our products in those jurisdictions.

In order for us to market our products in Europe and some other international jurisdictions, we and our distributors and agents must obtain required regulatory registrations or approvals. We must also comply with extensive regulations regarding safety, efficacy and quality in those jurisdictions. We may not be able to obtain the required regulatory registrations or approvals, or we may be required to incur significant costs in obtaining or maintaining any regulatory registrations or approvals we receive. Delays in obtaining any registrations or approvals required for marketing our products, failure to receive these registrations or approvals, or future loss of previously obtained registrations or approvals would limit our ability to sell our products internationally. For example, international regulatory bodies have adopted various regulations governing product standards, packaging requirements, labeling requirements, import restrictions, tariff regulations, duties and tax requirements. These regulations vary from country to country. In order to sell our products in Europe, we must obtain and maintain ISO 13485:2003 certification and CE mark certification, which is an international symbol of quality and compliance with applicable European medical device directives. Failure to maintain ISO 13485:2003 certification or CE mark certification or other international regulatory approvals would prevent us from selling in some countries in the European Union.

Even if we obtain clearance or approval to sell our products, we are subject to ongoing requirements and inspections that could lead to the restriction, suspension or revocation of our clearance.

We, as well as any potential collaborative partners, will be required to adhere to applicable FDA regulations regarding good manufacturing practice, which include testing, control, and documentation requirements. We are subject to similar regulations in foreign countries. Ongoing compliance with good manufacturing practice and other applicable regulatory requirements will be strictly enforced in the United States through periodic inspections by state and federal agencies, including the FDA, and in international jurisdictions by comparable agencies. Failure to comply with these regulatory requirements could result in, among other things, warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure to obtain premarket clearance or premarket approval for devices, withdrawal of approvals previously obtained, and criminal prosecution. The restriction, suspension or revocation of regulatory approvals or any other failure to comply with regulatory requirements would limit our ability to operate and could increase our costs.

Our success largely depends on our ability to obtain and protect the proprietary information on which we base our products.

Our success depends in large part upon our ability to establish and maintain the proprietary nature of our technology through the patent process, as well as our ability to license from others patents and patent applications necessary to develop our products. If any of our patents are successfully challenged, invalidated or circumvented, or our right or ability to manufacture our products was to be limited, our ability to continue to manufacture and market our products could be adversely affected. In addition to patents, we rely on trade secrets and proprietary know-how, which we seek to protect, in part, through confidentiality and proprietary information agreements. The other parties to these agreements may breach these provisions, and we may not have adequate remedies for any breach. Additionally, our trade secrets could otherwise become known to or be independently developed by competitors.

As of September 30, 2012, we have been issued, or have rights to, 21 U.S. patents (including those under license). In addition, we have filed for, or have rights to, two U.S. patents (including those under license) that are still pending. There are additional international patents and pending applications. One or more of the patents we hold directly or license from third parties, including those for our cervical cancer detection products, may be successfully challenged, invalidated or circumvented, or we may otherwise be unable to rely on these patents. These risks are also present for

the process we use or will use for manufacturing our products. In addition, our competitors, many of whom have substantial resources and have made substantial investments in competing technologies, may apply for and obtain patents that prevent, limit or interfere with our ability to make, use and sell our products, either in the United States or in international markets.

The medical device industry has been characterized by extensive litigation regarding patents and other intellectual property rights. In addition, the U.S. Patent and Trademark Office, or USPTO, may institute interference proceedings. The defense and prosecution of intellectual property suits, USPTO proceedings and related legal and administrative proceedings are both costly and time consuming. Moreover, we may need to litigate to enforce our patents, to protect our trade secrets or know-how, or to determine the enforceability, scope and validity of the proprietary rights of others. Any litigation or interference proceedings involving us may require us to incur substantial legal and other fees and expenses and may require some of our employees to devote all or a substantial portion of their time to the proceedings. An adverse determination in the proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties or prevent us from selling our products in some or all markets. We may not be able to reach a satisfactory settlement of any dispute by licensing necessary patents or other intellectual property. Even if we reached a settlement, the settlement process may be expensive and time consuming, and the terms of the settlement may require us to pay substantial royalties. An adverse determination in a judicial or administrative proceeding or the failure to obtain a necessary license could prevent us from manufacturing and selling our products.

We may not be able to generate sufficient sales revenues to sustain our growth and strategy plans.

Our cervical cancer diagnostic activities have been financed to date through a combination of government grants, strategic partners and direct investment. Bringing this product to market is the main focus of our business. In order to complete product development and prepare for marketing of the cervical cancer detection product, additional capital will be needed. We need to complete the FDA filing process for our cervical cancer diagnostic product and obtain capital investment for product development and launch.

Additional product lines involve the modification of the cervical cancer detection technology for use in other cancers. These product lines are only in the earliest stages of research and development and are currently not projected to reach market for several years. Our goal is to receive enough funding from government grants and contracts, as well as payments from strategic partners, to fund development of these product lines without diverting funds or other necessary resources from the cervical cancer program.

Because our products, which use different technology or apply technology in different ways than other medical devices, are or will be new to the market, we may not be successful in launching our products and our operations and growth would be adversely affected.

Our products are based on new methods of cancer detection. If our products do not achieve significant market acceptance, our sales will be limited and our financial condition may suffer. Physicians and individuals may not recommend or use our products unless they determine that these products are an attractive alternative to current tests that have a long history of safe and effective use. To date, our products have been used by only a limited number of people, and few independent studies regarding our products have been published. The lack of independent studies limits the ability of doctors or consumers to compare our products to conventional products.

If we are unable to compete effectively in the highly competitive medical device industry, our future growth and operating results will suffer.

The medical device industry in general and the markets in which we expect to offer products in particular, are intensely competitive. Many of our competitors have substantially greater financial, research, technical, manufacturing, marketing and distribution resources than we do and have greater name recognition and lengthier operating histories in the health care industry. We may not be able to effectively compete against these and other competitors. A number of competitors are currently marketing traditional laboratory-based tests for cervical cancer

screening and diagnosis. These tests are widely accepted in the health care industry and have a long history of accurate and effective use. Further, if our products are not available at competitive prices, health care administrators who are subject to increasing pressures to reduce costs may not elect to purchase them. Also, a number of companies have announced that they are developing, or have introduced, products that permit non-invasive and less invasive cancer detection. Accordingly, competition in this area is expected to increase.

Furthermore, our competitors may succeed in developing, either before or after the development and commercialization of our products, devices and technologies that permit more efficient, less expensive non-invasive and less invasive cancer detection. It is also possible that one or more pharmaceutical or other health care companies will develop therapeutic drugs, treatments or other products that will substantially reduce the prevalence of cancers or otherwise render our products obsolete.

We have little manufacturing experience, which could limit our growth.

We do not have manufacturing experience that would enable us to make products in the volumes that would be necessary for us to achieve significant commercial sales, and we rely upon our suppliers. In addition, we may not be able to establish and maintain reliable, efficient, full scale manufacturing at commercially reasonable costs in a timely fashion. Difficulties we encounter in manufacturing scale-up, or our failure to implement and maintain our manufacturing facilities in accordance with good manufacturing practice regulations, international quality standards or other regulatory requirements, could result in a delay or termination of production. To date, our manufacturing activities have included since-discontinued products. We had substantial difficulties in establishing and maintaining manufacturing for these products and those difficulties impacted our ability to increase sales. Companies often encounter difficulties in scaling up production, including problems involving production yield, quality control and assurance, and shortages of qualified personnel.

Since we rely on sole source suppliers for several of our products, any failure of those suppliers to perform would hurt our operations.

Several of the components used in our products or planned products, are available from only one supplier, and substitutes for these components could not be obtained easily or would require substantial modifications to our products. Any significant problem experienced by one of our sole source suppliers may result in a delay or interruption in the supply of components to us until that supplier cures the problem or an alternative source of the component is located and qualified. Any delay or interruption would likely lead to a delay or interruption in our manufacturing operations. For our products that require premarket approval, the inclusion of substitute components could require us to qualify the new supplier with the appropriate government regulatory authorities. Alternatively, for our products that qualify for premarket notification, the substitute components must meet our product specifications.

Because we operate in an industry with significant product liability risk, and we have not specifically insured against this risk, we may be subject to substantial claims against our products.

The development, manufacture and sale of medical products entail significant risks of product liability claims. We currently have no product liability insurance coverage beyond that provided by our general liability insurance. Accordingly, we may not be adequately protected from any liabilities, including any adverse judgments or settlements, we might incur in connection with the development, clinical testing, manufacture and sale of our products. A successful product liability claim or series of claims brought against us that result in an adverse judgment against or settlement by us in excess of any insurance coverage could seriously harm our financial condition or reputation. In addition, product liability insurance is expensive and may not be available to us on acceptable terms, if at all.

The availability of third party reimbursement for our products is uncertain, which may limit consumer use and the market for our products.

In the United States and elsewhere, sales of medical products are dependent, in part, on the ability of consumers of these products to obtain reimbursement for all or a portion of their cost from third-party payors, such as government

and private insurance plans. Any inability of patients, hospitals, physicians and other users of our products to obtain sufficient reimbursement from third-party payors for our products, or adverse changes in relevant governmental policies or the policies of private third-party payors regarding reimbursement for these products, could limit our ability to sell our products on a competitive basis. We are unable to predict what changes will be made in the reimbursement methods used by third-party health care payors. Moreover, third-party payors are increasingly challenging the prices charged for medical products and services, and some health care providers are gradually adopting a managed care system in which the providers contract to provide comprehensive health care services for a fixed cost per person. Patients, hospitals and physicians may not be able to justify the use of our products by the attendant cost savings and clinical benefits that we believe will be derived from the use of our products, and therefore may not be able to obtain third-party reimbursement.

Reimbursement and health care payment systems in international markets vary significantly by country and include both government-sponsored health care and private insurance. We may not be able to obtain approvals for reimbursement from these international third-party payors in a timely manner, if at all. Any failure to receive international reimbursement approvals could have an adverse effect on market acceptance of our products in the international markets in which approvals are sought.

Our success depends on our ability to attract and retain scientific, technical, managerial and finance personnel.

Our ability to operate successfully and manage our future growth depends in significant part upon the continued service of key scientific, technical, managerial and finance personnel, as well as our ability to attract and retain additional highly qualified personnel in these fields. We may not be able to attract and retain key employees when necessary, which would limit our operations and growth. Only our President and Chief Executive Officer and our Vice President of Engineering have employment contracts with us, and none of our employees are covered by key person or similar insurance. In addition, if we are able to successfully develop and commercialize our products, we will need to hire additional scientific, technical, marketing, managerial and finance personnel. We face intense competition for qualified personnel in these areas, many of whom are often subject to competing employment offers.

We are significantly influenced by our directors, executive officers and their affiliated entities.

Our directors, executive officers and entities affiliated with them beneficially owned an aggregate of about 26.43% of our outstanding common stock as of November 9, 2012. These stockholders, acting together, would be able to exert significant influence on substantially all matters requiring approval by our stockholders, including the election of directors and the approval of mergers and other business combination transactions.

Our stock is thinly traded, so you may be unable to sell at or near ask prices or at all.

The shares of our common stock are dually listed on the OTCBB and the OTCQB. Shares of our common stock are thinly traded, meaning that the number of persons interested in purchasing our common shares at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including:

- we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume; and
- stock analysts, stock brokers and institutional investors may be risk-averse and reluctant to follow a company such as ours that faces substantial doubt about its ability to continue as a going concern or to purchase or recommend the purchase of our shares until such time as we become more viable.

As a consequence, our stock price may not reflect an actual or perceived value. Also, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. A broader or more active public trading market for our common shares may not develop or if developed, may not be sustained. Due to these conditions, you may not be able to sell your shares at or near ask prices or at all if you need money or otherwise desire to liquidate your shares.

Trading in our common stock is subject to special sales practices and may be difficult to sell.

Our common stock is subject to the Securities and Exchange Commission's "penny stock" rule, which imposes special sales practice requirements upon broker-dealers who sell such securities to persons other than established customers or accredited investors. Penny stocks are generally defined to be an equity security that has a market price of less than $5.00 per share. For purposes of the rule, the phrase "accredited investors" means, in general terms, institutions with

assets in excess of $5,000,000, or individuals having a net worth in excess of $1,000,000 or having an annual income that exceeds $200,000 (or that, when combined with a spouse's income, exceeds $300,000). For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell our securities and also may affect the ability of our stockholders to sell their securities in any market that might develop.

Stockholders should be aware that, according to Securities and Exchange Commission Release No. 34-29093, the market for penny stocks has suffered from patterns of fraud and abuse. Such patterns include:

- control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer;
- manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases;
- "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons;
- excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and
- the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses.

Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our common stock.

Substantial future sales of shares of our common stock in the public market could cause our stock price to fall.

If our stockholders (including those persons who may become stockholders upon exercise of our warrants) sell substantial amounts of our common stock, or the public market perceives that stockholders might sell substantial amounts of our common stock, the market price of our common stock could decline significantly. Such sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that our management deems appropriate.

Our need to raise additional capital in the near future or to use our equity securities for payments could have a dilutive effect on your investment.

In order to continue operations, we will need to raise additional capital. We may attempt to raise capital through the public or private sale of our common stock or securities convertible into or exercisable for our common stock. In addition, from time to time we have issued our common stock or warrants in lieu of cash payments. If we sell additional shares of our common stock or other equity securities, or issue such securities in respect of other claims or indebtedness, such sales or issuances will further dilute the percentage of our equity that you own. Depending upon the price per share of securities that we sell or issue in the future, if any, your interest in us could be further diluted by any adjustments to the number of shares and the applicable exercise price required pursuant to the terms of the agreements under which we previously issued securities.

FORWARD LOOKING STATEMENTS

Statements in this prospectus, which express "belief," "anticipation" or "expectation," as well as other statements that are not historical facts, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, or Exchange Act. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from historical results or anticipated results, including those identified in the foregoing "Risk Factors" and elsewhere in this prospectus. Examples of these uncertainties and risks include, but are not limited to:

- access to sufficient debt or equity capital to meet our operating and financial needs;
- the effectiveness and ultimate market acceptance of our products;
- whether our products in development will prove safe, feasible and effective;
- whether and when we or any potential strategic partners will obtain approval from the FDA and corresponding foreign agencies;
- our need to achieve manufacturing scale-up in a timely manner, and our need to provide for the efficient manufacturing of sufficient quantities of our products;
- the lack of immediate alternate sources of supply for some critical components of our products;
- our patent and intellectual property position;
- the need to fully develop the marketing, distribution, customer service and technical support and other functions critical to the success of our product lines;
- the dependence on potential strategic partners or outside investors for funding, development assistance, clinical trials, distribution and marketing of some of our products; and
- other risks and uncertainties described from time to time in our reports filed with the SEC.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by which, such performance or results will be achieved. Forward-looking information is based on information available at the time and/or management's good faith belief with respect to future events, and is subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements.

Forward-looking statements speak only as of the date the statements are made. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.

USE OF PROCEEDS

All sales of the common stock covered by this prospectus will be by or for the account of the selling stockholders listed in this prospectus under "Selling Stockholders." As of November 9, 2012, we have received a total of $2,868,618, from the exercise of outstanding warrants held by the selling stockholders to purchase an aggregate of 7,042,689 shares of our common stock. We may receive the proceeds from the exercise of the remaining warrants entitling the selling stockholders to purchase shares of our common stock. If all such remaining warrants were exercised on November 9, 2012, we would have received $0.65 per underlying share as to 4,062,381 shares and $0.80 per underlying share as to 4,062,378 shares, or an aggregate of about $5.9 million, in cash proceeds.

We intend to apply any proceeds received in connection with the exercise of the warrants to increase inventory of our LuViva advanced cervical device to meet current demand for the product, expand our international marketing and sales efforts, continue to seek FDA approval for the LuViva device and begin phase 2 multicenter clinical trials of a non-invasive test for Barrett's esophagus using the same technology platform. However, we will retain broad discretion over the use of the net proceeds and may use the money for other corporate purposes.

SELLING STOCKHOLDERS

We issued warrants to purchase shares of common stock in an exchange offer pursuant to Section 3(a)(9) of the Securities Act for certain of our warrants to purchase common stock that were previously issued to the selling stockholders in private placement transactions exempt from registration under the Securities Act. This prospectus covers the resale of shares of common stock that we have issued or may issue upon exercise of the exchanged warrants.

The table below sets forth:

- the names of the selling stockholders;
- the number of shares of common stock, and the percentages of outstanding common stock, beneficially owned by the selling stockholders as of September 17, 2012, prior to the selling stockholders' offering of the shares of common stock pursuant to this prospectus;
- the maximum number of shares of common stock which may be offered by the selling stockholders pursuant to this prospectus; and
- the number of shares of common stock, and the percentages of outstanding common stock, to be beneficially owned by the selling stockholders after the offering of common stock pursuant to this prospectus, assuming all such common stock being offered is sold by the selling stockholders and that the selling stockholders do not acquire any additional shares of common stock.

The number of shares disclosed in the table below as ''beneficially owned'' are those beneficially owned as determined under the rules of the SEC. Such information is not necessarily indicative of ownership for any other purpose.

We obtained the information in the table below from the selling stockholders (other than the information regarding the percentages of outstanding common stock beneficially owned by each selling stockholder). Except as may be noted below or under "Legal Proceedings," none of the selling stockholders have, or within the past three years has had, any material relationship with us or any of our affiliates.

We cannot advise you as to whether the selling stockholders will in fact sell any or all of such shares of common stock. In addition, the selling stockholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the shares of common stock in transactions exempt from the registration requirements of the Securities Act after the date on which they provided the information set forth in the table below. Only the selling stockholders referenced in the table below may sell the securities offered hereby, except as otherwise permitted by law. Changed information regarding the selling stockholders will be presented in a prospectus supplement or post-effective amendment to the registration statement of which this prospectus forms a part if and when necessary and required. Except as indicated below, no selling stockholder is a registered broker-dealer or an affiliate of a broker-dealer.

The number of shares of common stock underlying warrants assumes no adjustment in the number of shares issuable upon exercise of the warrants as a result of stock splits and stock dividends.

Name of Selling Stockholder	Beneficial Ownership of Common Stock Prior to Offering		Common Stock Being Offered Pursuant to This Prospectus (maximum number that may be sold) (1)	Beneficial Ownership of Common Stock After Offering	
	Shares	Percentage		Shares	Percentage
Alan M. Hoberman	76,923	*	76,923	-	*
Andrew Gluck	38,462	*	38,462	-	*
Bald Eagle Fund, Ltd.	5,447	*	5,447	-	*
Benny H. Screws	189,870	*	189,870	-	*
Carol C. Brubaker	15,385	*	15,385	-	*
Claude Mosseri-Marlio	153,808	*	153,808	-	*
David B. Musket	119,005	*	116,060	2,945	*
David Naggar	38,462	*	38,462	-	*
Dolores M. Maloof	3,266,467	3.73%	3,266,467	-	*
Douglas Schmidt	39,866	*	38,474	1,392	*
Easton Hunt Capital Partners, LP	961,663	1.10%	961,663	-	*
Germain Halegoua Annuity Trust UTA 6/16/95 FBO Germain R. Halegoua (5)	85,185	*	85,185	-	*
Germain Halegoua Annuity Trust UTA 6/16/95 FBO Jason Halegoua (5)	85,185	*	85,185	-	*
Germain Halegoua Annuity Trust UTA 6/16/95 FBO Rachel E. Halegoua (5)	85,185	*	85,185	-	*
Gloria Mosseri	15,385	*	15,385	-	*
Gregory S. Petrie	89,182	*	72,668	16,514	*
Hana Smouha	153,846	*	153,846	-	*
Hart Management, LLC (2)	367,583	*	153,846	213,737	*
International Developers Group #1, LLC	322,822	*	322,822	-	*
James E. Funderburke (4)	300,000	*	300,000	-	*
Jeffrey Belmont	183,791	*	76,923	106,868	*

John Conway Imhoff (3)	120,000	*	50,000	70,000	*
John E. Imhoff (2)	11,028,180	12.59%	4,783,923	6,244,257	7.13%
Joseph Mermelstein	42,547	*	42,547	-	*
Joseph Vellino	2,500	*	2,500	-	*
Judy Winstel	192,444	*	192,444	-	*
Keith D. Ignotz	76,937	*	76,937	-	*
Kensington Partners, LP	115,400	*	109,953	5,447	*
Kuekenhof Equity Fund, LP (2)	317,134	*	317,134	-	*
L. Peter Reiniger (4)	109,449	*	109,449	-	*
Laura M. Grunow	192,444	*	192,444	-	*
Mark Samuels	139,563	*	133,059	6,504	*

Mark E. & Maureen C. Brennan JT Tenants (5)	109,001	*	109,001	-	*
Marshall I. Etra IRA (5)	38,462	*	38,462	-	*
Maryse Hops	38,462	*	38,462	-	*
Michael Paul Moore	411,957	*	411,957	-	*
OTAPE Investments, LLC	76,937	*	76,937	-	*
Pam Maloof	192,445	*	192,445	-	*
Peter M. Mondalek	201,411	*	161,411	40,000	*
ProMed Partners, L.P.	22,200	*	22,200	-	*
Rhoda Intervivos Trust (5)	38,462	*	38,462	-	*
Richard Keim	54,230	*	5,000	49,230	*
Richard Steiner Rev. Trust UTD 8/25/92 (5)	30,769	*	30,769	-	*
Rita Maloof	192,444	*	192,444	-	*
Robert P. Brubaker	38,462	*	38,462	-	*
Ronald W. Allen (2)	996,876	1.14%	242,535	754,341	*
Ronald W. Hart (2)	1,244,519	1.42%	64,564	1,179,955	1.35%
Sherman C. Wade	169,480	*	169,480	-	*
Simon Halegoua	255,554	*	255,554	-	*
The Sternfeld Family Trust (5)	363,189	*	363,189	-	*
Steve Maloof	1,577,047	1.80%	192,444	1,384,603	1.58%
TABAS, LLLP	163,043	*	163,043	-	*
William Bryce Combs	91,896	*	38,462	53,434	*
William Zachary, Jr.	289,709	*	59,709	230,000	*

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(*) Denotes less than 1%.

(1) Represents shares issued or issuable upon exercise of warrants.

(2) The selling stockholder serves on our board of directors.

(3) Represents relations of directors or officers of the Company.

(4) Represents business associates of the Company.

(5) Represents trust accounts.

PLAN OF DISTRIBUTION

Any or all of the shares of common stock offered by the selling stockholders may be offered for sale and sold by or on behalf of the selling stockholders from time to time in varying amounts, including in block transactions, on the over-the-counter market, in privately negotiated transactions, or otherwise (other than underwritten offerings), at prices prevailing in such market or as may be negotiated at the time of the sale. The shares of common stock may be sold by the selling stockholders directly to one or more purchasers, through agents designated from time to time or through broker-dealers designated from time to time. In the event the shares of common stock are publicly offered through broker-dealers or agents, the selling stockholders may enter into agreements with respect to such offerings. Those broker-dealers or agents may receive compensation in the form of discounts, concessions or commissions from the selling stockholders or the purchasers of the shares of common stock. The selling stockholders and any broker-dealers or agents that participate in the distribution of the shares of common stock may be deemed to be underwriters within the meaning of the Securities Act, and any profit on the sale of the shares by them and any discounts, commissions or concessions received by them may be deemed to be underwriting discounts and commissions under the Securities Act. At the time a particular offer of shares of common stock is made by the selling stockholders, to the extent required, a prospectus supplement will be distributed that will set forth the aggregate number of shares being offered, and the terms of the offering, including the public offering price thereof, the name or names of any broker-dealers or agents, any discounts, commissions and other items constituting compensation from, and the resulting net proceeds to, the selling stockholders.

Any supplement to this prospectus and, if necessary, a post-effective amendment to the registration statement of which this prospectus is a part, will be filed with the SEC to reflect the disclosure of additional information with respect to the distribution of the securities.

To the best of our knowledge, there are currently no plans, arrangements or understandings between any selling stockholders and any broker, dealer, agent or underwriter regarding the sale of the common stock by the selling stockholders.

We have agreed to indemnify the selling stockholders against specified liabilities under the Securities Act and to pay substantially all of the expenses incidental to the registration, offering and sale of the common stock to the public other than commissions, brokerage fees and stock transfer taxes applicable to the common stock sold by the selling stockholders.

In order to comply with the securities laws of certain states, sales of shares offered hereby to the public in such states may be made only through broker-dealers who are registered or licensed in such states. Sales of shares offered hereby must also be made by the selling stockholders in compliance with other applicable state securities laws and regulations.

DESCRIPTION OF SECURITIES

We are authorized to issue 150 million shares of stock, in two classes: 145 million shares of common stock and 5 million shares of preferred stock. As of November 9, 2012, there were 62,187,321 shares of common stock outstanding, which were held of record by 211 stockholders and no shares of preferred stock outstanding.

Common Stock

The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common

stock are entitled to receive ratably such dividends as may be declared by the board out of funds legally available therefor and in liquidation proceedings. Holders of common stock have no preemptive or subscription rights and there are no redemption rights with respect to such shares.

Preferred Stock

Our board is authorized, without further stockholder action, to issue preferred stock in one or more series and to fix the voting rights, liquidation preferences, dividend rights, repurchase rights, conversion rights, redemption rights and terms, including sinking fund provisions, and certain other rights and preferences, of the preferred stock.

Although there is no current intention to do so, our board may, without stockholder approval, issue shares of a class or series of preferred stock with voting and conversion rights that could adversely affect the voting power or dividend rights of the holders of common stock and may have the effect of delaying, deferring or preventing a change in control.

Warrants and Options

We have issued warrants to purchase our common stock from time to time in connection with certain financing arrangements. Currently, there are warrants exercisable for an aggregate of 20,801,512 shares of common stock outstanding, as follows:

Warrants (Underlying Shares)	Exercise Price	Expiration Date
12,384,777	$0.65 per share	March 1, 2013
471,856*	$0.65 per share	July 26, 2013
3,590,525*	$0.65 per share	March 1, 2014
471,856*	$0.80 per share	July 26, 2014
3,590,522*	$0.80 per share	March 1, 2015
6,790	$1.01 per share	September 10, 2015
285,186	$1.05 per share	November 20, 2016

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* The shares of common stock to be offered pursuant to this prospectus were issued or are issuable upon exercise of these warrants.

All outstanding warrant agreements provide for antidilution adjustments in the event of certain mergers, consolidations, reorganizations, recapitalizations, stock dividends, stock splits or other changes in our corporate structure.

As of September 30, 2012, we have issued options to purchase a total of 6,569,206 shares of our common stock pursuant to various equity incentive plans, at a weighted average exercise price of $0.67 per share. Recommendations for option grants under our equity incentive plans are made by the compensation committee of our board, subject to ratification by the full board. The compensation committee may issue options with varying vesting schedules, but all options granted pursuant to our equity incentive plans must be exercised within ten years from the date of grant.

Registration Rights of Certain Holders

The holders of certain of our outstanding warrants or their transferees are entitled to certain registration rights with respect to the registration of the shares issuable upon exercise of those warrants under the Securities Act. These rights are provided under the terms of loan agreement, first executed on March 1, 2007.

OUR BUSINESS

Overview

We are a medical technology company focused on developing innovative medical devices that have the potential to improve healthcare. Our primary focus is the development of our LuViva™ non-invasive cervical cancer detection device and extension of our cancer detection technology into other cancers, especially lung and esophageal. Our technology, including products in research and development, primarily relates to biophotonics technology for the non-invasive detection of cancers, including cervical cancer.

We are a Delaware corporation, originally incorporated in 1992 under the name “SpectRx, Inc.,” and, on February 22, 2008, changed our name to Guided Therapeutics, Inc. At the same time, we renamed our majority owned subsidiary, InterScan, which originally had been incorporated as “Guided Therapeutics.”

Non-Invasive Cervical Cancer Detection

We believe our LuViva cervical cancer detection device will provide a less invasive and painless alternative to conventional tests for cervical cancer detection. We also believe LuViva can improve patient well-being and reduce healthcare costs, since it reduces or eliminates pain, is convenient to use and provides rapid results at the point-of-care. We completed enrollment in our U.S. Food and Drug Administration ("FDA") pivotal trial of LuViva in 2008 and on November 18, 2010, the FDA accepted our completed premarket approval ("PMA") application, effective September 23, 2010, for substantive review. On March 7, 2011, we announced that the FDA had inspected two clinical trial sites as part of its review process and raised no formal compliance issues. On January 20, 2012, we announced our intent to seek an independent panel review of our PMA application after receiving a "not-approvable" letter from the FDA. On May 9, 2012, we announced that we submitted our formal response to the FDA "not-approvable" letter, including additional information requested by the FDA and a request for a meeting. On July 25, 2012, we announced that we met with the FDA on July 20, 2012 regarding efforts to gain PMA for LuViva. Assuming we receive FDA approval in early 2013, we currently anticipate a late 2013 product launch in the United States. Product launch outside the United States commenced, as expected, in the second half of 2012, but we cannot be assured we will be able to launch on that timetable, or at all.

Other Cancers

We believe our non-invasive cervical cancer detection technology can be applied to other cancers as well. To that end, we are working with Konica Minolta Opto, Inc. ("Konica Minolta Opto"), a subsidiary of Konica Minolta, Inc., a Japanese corporation based in Tokyo ("Konica Minolta") to adapt our cervical cancer detection technology for detection of lung cancer and esophageal cancer (see "—Industry Overview—Lung and Esophageal Cancer Detection—Konica Minolta").

Our Business Strategy

Our mission is to build a profitable business that develops and commercializes medical products that improve people's lives and increases stockholder value. To achieve this mission, we have completed the FDA pivotal trial for our LuViva non-invasive cervical cancer diagnostic device, filed our PMA application with the FDA, sought an independent panel review of our PMA application, and have begun to raise capital for the development and launch of the device. Development of our cervical cancer diagnostic technology has been financed to date through a combination of government grants, strategic partners and direct investment. Bringing LuViva to market is the main focus of our business. In order to adequately finance the completion of the FDA review process, complete product development, and prepare for marketing of LuViva, additional capital will be needed; however, we cannot be assured of the availability of adequate capital (see "Risk Factors").

We believe that our technology, as developed for cervical cancer detection, can be modified and then applied to other cancers. Because development of our technology for additional cancers is costly and resource intensive, we sought a strategic partner to help defray costs and otherwise assist in the expansion of our cancer detection technology into other cancers. This has resulted in a series of six-month and one-year exclusive negotiation and feasibility study agreements, as well as an agreement to develop a prototype device specifically for esophageal cancer detection, with Konica Minolta. In June 2012, we extended our existing assigned task agreement with Konica Minolta for development of our biophotonic platform specific to the detection of esophageal cancer for an additional year, effective May 1, 2012. Pursuant to the assigned task agreement, we retain all rights to use of our cervical cancer detection technology as applied to lung and biliary cancer (previously shared with Konica Minolta under the original assigned task agreement). Also in June 2012, we extended our collaboration agreement with Konica Minolta for the development of spectroscopic technology for an additional year, effective April 20, 2012. (See "—Industry Overview—Lung and Esophageal Cancer Detection —Konica Minolta").

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Industry Overview

Cervical Cancer Detection

Background

According to the American Cancer Society, cancer is a group of many related diseases. All forms of cancer involve the out-of-control growth and spread of abnormal cells. Normal body cells grow, divide, and die in an orderly fashion. Cancer cells, however, continue to grow and divide and can spread to other parts of the body. In America, half of all men and one-third of all women will develop cancer during their lifetimes. According to the American Cancer Society, the sooner a cancer is found and treatment begins, the better a patient's chances are of being cured. We began investigating the applications of our technologies to cancer detection before 1997, when we initiated a market analysis for these uses. We concluded that our biophotonic technologies had applications for the detection of a variety of cancers through the exposure of tissue to light. We selected cervical cancer and skin cancer from a list of the ten most attractive applications as categories of cancer to pursue initially, and currently are focused primarily on the development of our non-invasive cervical cancer detection product.

Cervical Cancer

Cervical cancer is a cancer that begins in the lining of the cervix (which is located in the lower part of the uterus). Cervical cancer forms over time and may spread to other parts of the body if left untreated. There is generally a gradual change from a normal cervix to a cervix with precancerous cells to cervical cancer. For some women, precancerous changes may go away without any treatment. While the majority of precancerous changes in the cervix do not advance to cancer, if precancers are treated, the risk that they will become cancers can be greatly reduced. The Pap smear screening test, or Pap test, which involves a sample of cervical tissue being placed on a slide and observed in a laboratory, is currently the most common form of cervical cancer screening.

Cervical Cancer Market

The American Cancer Society estimates that in 2012, about 12,170 cases of invasive cervical cancer will be diagnosed and about 4,220 women will die from cervical cancer in the United States. According to published data, cervical cancer results in about 200,000 deaths annually worldwide, with 470,000 new cases reported each year.

We believe that our major market opportunities related to cervical cancer are in diagnosis and screening. Since the introduction of better screening and diagnostic methods, the number of cervical cancer deaths in the United States has declined dramatically, due mainly to the increased use of the Pap test. However, over the last five years, the incidents have been increasing. Moreover, the Pap test has a wide variation in sensitivity, which is the ability to detect the disease, and specificity, which is the ability to exclude false positives. A study by Duke University for the U.S. Agency for Health Care Policy and Research published in 1999 showed Pap test performance ranging from a sensitivity of 22% and specificity of 78% to sensitivity of 95% and specificity of 10%. About 60 million Pap tests are given annually in the United States. The average price of a Pap test in the United States is about $26. New technologies improving the sensitivity and specificity of the Pap test have recently been introduced and are finding acceptance in the marketplace.

After screening for cervical cancer by use of a Pap test, if necessary, a visual examination of the cervix using a colposcope is usually followed by a biopsy, or tissue sampling at one or more locations. This method looks for visual changes attributable to cancer. There are about two million colposcope examinations annually in the United States and Europe. In 2003, the average cost of a stand-alone colposcope examination in the United States was $185 and the

average cost of a colposcopy with biopsy was $277.

In 2006, a new vaccine for certain strains of the human papilloma virus, or HPV, was approved by the FDA. Most cervical cancers are associated with certain strains of HPV. The vaccine is administered in three doses, and according to guidelines, preferably to girls before they become sexually active. The approved vaccine is effective against 70% of the strains of HPV thought to be responsible for cervical cancer. Due to the limited availability and lack of 100% protection against all potentially cancer-causing strains of HPV, we believe that the vaccine will have a limited impact on the cervical cancer screening and diagnostic market for many years.

Our Non-invasive Cervical Cancer Product

LuViva is a non-invasive cervical cancer detection product. The product is based on our proprietary biophotonic technology. The device is expected to identify cervical cancers and precancers painlessly, non-invasively and at the point-of-care by scanning the cervix with light, then analyzing the light reflected or emanating from the cervix. The information presented by the light would be used to indicate the likelihood of cervical cancer or precancers and/or to produce a map or image of diseased tissue. This test, unlike the Pap test or biopsy, has the potential to preserve the perspective and positional information of disease on the cervix, allowing for more accurate diagnosis. Our system also could allow doctors to make intelligent choices in triaging patients for biopsy or treatment and potentially for selecting biopsy sites that could be expanded for use in assisting in the detection of cancerous margins for cancer removal. Our product, in addition to detecting the structural changes attributed to cervical cancer, is also expected to detect the biochemical changes that precede the development of visual lesions. In this way, cervical cancer may be detected earlier in its development, which should increase the chances of effective treatment. The product is expected to incorporate a single-use, disposable calibration and alignment component. FDA approval of the intended use of our device is required and initial approval may be for a limited set of the above potential capabilities. Our strategy is to launch LuViva first in the developed countries of Europe, while continuing steps to procure FDA approval in the United States.

To date, more than 3,000 women have been tested with various prototype devices in multiple clinical settings. During 2000, we conducted human clinical feasibility studies of laboratory prototypes at two U.S. research centers, detecting 31% more cervical precancerous lesions than conventional Pap tests. The results were presented at the World Health Organization/European Research Organization on Genital Infection and Neoplasia Joint Experts Conference in Paris in April 2000. The study population included 133 women scheduled for colposcopy and biopsy, if indicated. A total of 318 tissue-specific comparisons were made between our device and colposcopy/biopsy results. Of the 318 patients included in this study, 20 had high-grade precancers, 36 had low-grade precancers, 146 had benign lesions and 116 had normal tissues. Compared to the Pap test, our product detected 31% more precancers and 25% more high-grade precancers without increasing the false positive rate.

In 2005, we continued to conduct our pivotal clinical trial, which had collected data on over 900 women by the end of the year. In 2005, we also completed work on our commercial prototype. In 2006 and 2007, we continued to enroll subjects in our pivotal clinical trial and, by the end of 2007, had enrolled 1,400 subjects.

In September 2006, we announced that the National Cancer Institute (“NCI”) awarded a fifth grant of approximately $690,000 for development of our non-invasive cervical cancer detection technology. This grant was used to further the ongoing FDA pivotal clinical trial. In 2006 and 2007, we received approximately $523,000 and $398,000, respectively, of NCI grant funds. On October 5, 2009, we were awarded a $2.5 million matching grant by the NCI to bring to market and expand the array features for LuViva™. The award provided resources to complete the regulatory process and begin manufacturing ramp up for LuViva and a single-patient-use disposable patient interface for the device and will be received over a period of three years. Under the award, we recorded revenue of approximately $912,000 in 2011 and approximately $741,000 in 2010. We are eligible to receive a maximum of $250,000 in 2012.

On February 23, 2012, we announced that we had successfully completed an audit of our quality system and were recertified under ISO 13485:2003. This designation means that we are eligible to issue a conformity mark (“CE mark”) for LuViva once development is complete. On July 18, 2012, we announced that CE Mark approval had been granted for the LuViva cervical cancer detection device. The CE Mark is required to sell products in the 27 nations that comprise the European Union (EU). We must continue to pass annual ISO audits of our quality system in order to maintain the CE Mark on our products. On October 4, 2011, we announced that LuViva was selected for inclusion in a review of new technologies by the United Kingdom’s NICE program.

On December 14, 2011, we announced that Health Canada granted marketing approval for the device. On June 19, 2012, we announced that we, together with our Canadian distribution partner, CAN-med Healthcare, would unveil LuViva at the 68th Annual Clinical Meeting of the Society of Obstetricians and Gynecologists of Canada (SOGC) held in Ottawa, Ontario June 20-24, 2012. In addition to CAN-med's sponsorship of a booth and meetings at the conference, the distributor placed an order for eight additional LuViva systems in advance of its anticipated product launch in the second half of 2012.

We completed enrollment in our FDA pivotal trial in 2008 and on November 18, 2010, the FDA accepted our completed PMA application, effective September 23, 2010, for substantive review. On March 7, 2011, we announced that the FDA had inspected two clinical trial sites as part of its review process and raised no formal compliance issues. On January 12, 2012, we announced our intent to seek an independent panel review of our PMA application after receiving a "not-approvable" letter from the FDA. On May 9, 2012, we announced that we submitted our formal response to the FDA "not-approvable" letter, including additional information requested by the FDA and a request for a meeting. On July 25, 2012, we announced that we met with the FDA on July 20, 2012 regarding efforts to gain PMA for LuViva. Assuming we receive FDA approval in 2012, we currently anticipate an early 2013 product launch, but cannot be assured we will be able to launch on that timetable, or at all.

Sales or leases of LuViva are expected to include a single-patient-use disposable patient interface. We expect the device itself to be priced at less than $20,000, with the disposable interface priced around $30 to $40. Profit margins on the device could be approximately 90%. In the United States, we plan on increasing our 10-person sales force, which will initially focus on early adopters in the larger population centers. Internationally, we plan on contracting with country-specific or regional distributors. We believe that the international market will be larger than the U.S. market. We have been in contact with more than 100 potential distributors and expect to announce agreements over the next several months.

The market for cervical cancer screening is currently dominated by lab-based cytological screening of samples obtained from patients. The market for primary screening is dominated by Hologic, Inc., which markets the Thin Prep Pap test and Qiagen, Inc., which markets another method of cervical cancer screening, HPV detection. Qiagen is attempting to gain permission to use its device for primary screening. The Qiagen HPV test is already approved for use as a follow-up to ambiguous Pap test results and as an adjunct to the Pap test for screening women aged 30 and over. We have conducted marketing research related to the cervical cancer market and the impact of the growth of the lab-based cytological screening products. We are reviewing the impact of the changing competitive landscape related to our product development pace and our initial and potential positioning. We will have to demonstrate clinical and commercial effectiveness to be able to change current medical practice behavior and capture market share and cannot be sure that we will be able to do so.

Lung and Esophageal Cancer Detection

According to the World Health Organization, there are 1.2 million cases of lung cancer diagnosed each year worldwide, with at least half of these resulting in death. In the United States, lung cancer is the leading cause of death due to cancer, with 221,130 new cases and more than 156,940 deaths annually, according to the NCI's 2011 estimates. Lung cancer is also a serious health issue in other parts of the world where cigarette smoking is endemic (Japan, for example, with more than 63,000 deaths annually). Despite this enormous and tragic toll, no effective method of early screening has been able to improve upon these rates. Historically, chest x-rays have been employed, but typically these identify later stage cancers, which are difficult to cure. Sputum tests to identify cancer markers in at-risk individuals have not been widely adopted and CT or other scanning technology is likely to be too expensive in the foreseeable future for screening or widespread use. Once a mass has been identified, usually by chest x-ray or physical symptoms such as bloody sputum, a bronchoscopy with biopsy and histopathological diagnosis of the mass is performed.

Worldwide, new cases of esophageal cancer are estimated at 410,000, with more than 16,980 new cases and 14,710 deaths in the United States alone, according to the NCI's 2011 estimates. In Japan, esophageal cancer is responsible for 11,300 deaths annually. A precursor to esophageal cancer is a condition known as Barrett's esophagus, which is caused by excessive acid reflux. Patients with this condition may be subjected to repeated and sometimes poorly directed biopsies of areas of the esophagus thought to contain cancerous or precancerous (neoplastic) cells. Because there may

be several areas of suspicion, the clinical challenge is to try to identify those areas of the esophagus with greatest likelihood of neoplastic change. Endoscopic techniques, using regular white light, have only limited ability to accomplish this and defensively-minded practitioners often resort to multiple biopsies that are expensive and painful in order to increase the odds of finding disease.

Since the processes associated with cancer development show similarities between cervical cancer and other cancers, we believe our technology, if integrated with an endoscopic system, may have the potential to more accurately, or in an earlier state, detect lung and esophageal cancers and precancers. To that end, we are working with Konica Minolta to adapt our cervical cancer detection technology for detection of lung cancer and esophageal cancer (see "—Konica Minolta"). However, we are only in the early stages of clinical trials to evaluate this potential. We recently announced that we had received Institutional Review Board approval for testing the technology in humans and were granted a non-significant risk designation for the device. We have two clinics in the Atlanta, Georgia metropolitan area where we have been conducting a small scale study. The goal of the study is to establish feasibility of the product design and clinical implementation. As part of our feasibility study, qualified subjects underwent a standard Esophago Gastro Duodenoscopy ("EGD") procedure and measurements with our device. Biopsy samples were taken in accordance with the standard of care. As of the date of this prospectus, we have completed this feasibility study.

Konica Minolta

Since April 2008, we have worked with Konica Minolta to explore the feasibility of adapting our microporation and biophotonic cancer detection technologies to other areas of medicine and to determine potential markets for these products in anticipation of a development agreement.

On April 28, 2009, we signed a one-year exclusive negotiation and development agreement of optimization of our microporation system for manufacturing, regulatory approval, commercialization and clinical utility with Konica Minolta. In April 2010 and again in May 2011, we renewed the agreement for additional one-year terms. For the 2010 and 2011 Agreements, the licensed technology was changed from our microporation technology to our biophotonic cancer detection technology. In June 2012, we extended this agreement with Konica Minolta for the development of spectroscopic technology for an additional year, effective April 20, 2012. We received approximately $750,000 in 2011 from Konica Minolta under this option to license agreements and expect to receive a total of $400,000 in 2012. To date, we have received $400,000 pursuant to the June 2012 extension. In return for these payments, Konica Minolta retains an option to license our intellectual property for one year for both esophageal and lung cancer detection.

On January 28, 2010, we entered into another agreement with Konica Minolta for development of our biophotonic platform specific to the detection of esophageal cancer. In this agreement, we are providing Konica Minolta with technical, regulatory and clinical development of our biophotonic platform device for esophageal cancer detection. In June 2012, we extended this agreement for an additional year, effective May 1, 2012. We received approximately $1.72 million in 2011 from Konica Minolta under this development agreement and expect to receive a total of $1.6 million for the third year of development (May 1, 2012 to April 30, 2013). Pursuant to this agreement, we retain all rights to use of our cervical cancer detection technology as applied to lung and biliary cancer (previously shared with Konica Minolta under the original assigned task agreement).

Research, Development and Engineering

To date, we have been engaged primarily in the research, development and testing of our LuViva non-invasive cervical cancer detection product and our core biophotonic technologies, as well as our since-discontinued glucose monitoring, diabetes detection, infant jaundice products. From inception to September 30, 2012, we incurred about $57.6 million in research and development expenses, net of about $25.1 million reimbursed through collaborative arrangements. Research and development costs were about $2.8 million and $1.8 million in 2011 and 2010, respectively.

Since 2008, we have focused our research and development and our engineering resources almost exclusively on development of our cervical cancer detection technology, with only limited support of other programs funded through government contracts or third party funding, such as Konica Minolta. Because we have not yet launched commercial versions of our technology, only prototypes of our cervical cancer detection product have been tested. Because our research and clinical development programs for other cancers are at a very early stage, substantial additional research and development and clinical trials will be necessary before commercial prototypes of our cancer detection products can be produced.

Several of the components used in our product or planned products are available from only one supplier, and substitutes for these components could not be obtained easily or would require substantial modifications to our products.

Manufacturing, Sales Marketing and Distribution

We have only limited experience in the production planning, quality system management, facility development, and production scaling that will be needed to bring production to commercial levels. We will need to develop additional expertise in order to successfully manufacture, market and distribute any future products.

Patents

We have pursued a course of developing and acquiring patents and patent rights and licensing technology. Our success depends in large part on our ability to establish and maintain the proprietary nature of our technology through the patent process and to license from others patents and patent applications necessary to develop our products. As of November 9, 2012, we have 21 granted U.S. patents relating to our cancer technology and two pending U.S. patent applications.

One or more of the patents held directly by us or licensed by us from third parties, as well as processes used in the manufacture of our products, may be successfully challenged, invalidated or circumvented. Additionally, we may not otherwise be able to rely on these patents. In addition, we cannot be sure that competitors, many of whom have substantial resources and have made substantial investments in competing technologies, will not seek to apply for and obtain patents that prevent, limit or interfere with our ability to make, use and sell our products either in the United States or in foreign markets. If any of our patents are successfully challenged, invalidated or circumvented or our rights or ability to manufacture our products were to be proscribed or limited, our ability to continue to manufacture and market our products could be adversely affected, which would likely have a material adverse effect upon our business, financial condition and results of operations.

Competition

The medical device industry in general and the markets for cervical cancer detection in particular are intensely competitive. If successful in our product development, we will compete with other providers of cervical cancer detection and prevention products.

Current cervical cancer screening systems, primarily the Pap test and colposcopy, are well established and pervasive. Improvements and new technologies for cervical cancer detection and prevention, such as Thin-Prep from Hologic and HPV testing from Qiagen, have led to other new competitors. In addition, there are other companies attempting to develop products using forms of biophotonic technologies in cervical cancer detection, such as MediSpectra, Inc. (since acquired by Spectrascience, Inc.). MediSpectra was granted a very limited FDA approval in March 2006 to market its device for detection of cervical cancers. The limited approval limits use of the MediSpectra device only after a colposcopy, as an adjunct. We will be required to develop devices that are more accurate, easier to use or less costly to administer to create devices that have a competitive advantage.

In June 2006, the FDA approved the HPV vaccine Gardasil from drug maker Merck & Co., Inc. Gardasil is a prophylactic HPV vaccine, meaning that it is designed to prevent the initial establishment of HPV infections. For maximum efficacy, it is recommended that girls receive the vaccine prior to becoming sexually active. Since Gardasil will not block infection with all of the HPV types that can cause cervical cancer, the vaccine should not be considered a substitute for routine Pap tests. On October 16, 2009, GlaxoSmithKline PLC was granted approval in the United States for a similar preventive HPV vaccine, known as Cervarix.

Government Regulation

All of our products are, or will be, regulated as medical devices. Medical device products are subject to rigorous FDA and other governmental agency regulations in the United States and may be subject to regulations of relevant foreign agencies. Noncompliance with applicable requirements can result in import detentions, fines, civil penalties, injunctions, suspensions or losses of regulatory approvals or clearances, recall or seizure of products, operating restrictions, denial of export applications, governmental prohibitions on entering into supply contracts, and criminal prosecution. Failure to obtain regulatory approvals or the restriction, suspension or revocation of regulatory approvals or clearances, as well as any other failure to comply with regulatory requirements, would have a material adverse effect on our business, financial condition and results of operations.

The FDA regulates the clinical testing, design manufacture, labeling, packaging, marketing, distribution and record-keeping for these products to ensure that medical products distributed in the United States are safe and effective for their intended uses.

In the United States, medical devices are classified into one of three classes on the basis of the controls deemed necessary by the FDA to reasonably assure the devices' safety and effectiveness. Under FDA regulations, Class I devices are subject to general controls, such as labeling requirements, notification to the FDA before beginning marketing activities and adherence to specified good manufacturing practices. Class II devices are subject to general and special controls, such as performance standards, surveillance after beginning market activities, patient registries, and FDA guidelines. Generally, Class III devices are those which must receive premarket approval from the FDA to ensure their safety and effectiveness. Examples of Class III devices include life-sustaining, life-supporting and implantable devices, as well as new devices that have not been found substantially equivalent to legally marketed Class I or II devices.

A medical device manufacturer may seek clearance to market a medical device by filing a 510(k) premarket notification with the FDA if the manufacturer establishes that a newly developed device is substantially equivalent to either a device that was legally marketed before May 28, 1976, the date upon which the Medical Device Amendments of 1976 were enacted, or to a device that is currently legally marketed and has received 510(k) premarket clearance from the FDA. The 510(k) premarket notification must be supported by appropriate information, which may include data from clinical trials to establish the claim of substantial equivalence. Commercial distribution of a device for which a 510(k) premarket notification is required can begin only after the FDA determines the device to be substantially equivalent to a legally marketed device. The FDA has recently been requiring a more rigorous demonstration of substantial equivalence than in the past. It generally takes from three to 12 months from the date of submission to obtain clearance of a 510(k) submission, but it may take substantially longer. The FDA may determine that a proposed device is not substantially equivalent to a legally marketed device, or may require additional information.

An adverse determination or a request for additional information could delay the market introduction of new products that fall into this category, such as LuViva, which could have a material adverse effect on our business, financial condition and results of operations. For LuViva any of our future products that have to be cleared through the 510(k) process, modifications or enhancements that could significantly affect the safety or effectiveness of the device or that constitute a major change to the intended use of the device will require new 510(k) premarket notification or approval of a PMA application. Any modified device for which a new 510(k) premarket notification is required cannot be distributed until 510(k) clearance is obtained. We may not be able to obtain 510(k) clearance in a timely manner, if at all, for LuViva or any future devices or modifications to LuViva or such devices for which we may submit a 510(k).

A PMA application must be submitted if a proposed device is not substantially equivalent to a legally marketed Class I or Class II device or for specified Class III devices. The application must contain valid scientific evidence to support the safety and effectiveness of the device, which includes the results of clinical trials, all relevant bench tests, and laboratory and animal studies. The application must also contain a complete description of the device and its components, as well as a detailed description of the methods, facilities and controls used for its manufacture, including, where appropriate, the method of sterilization and its assurance. In addition, the application must include proposed labeling, advertising literature and any required training methods. If human clinical trials of a device are required in connection with an application and the device presents a significant risk, the sponsor of the trial is required to file an application for an investigational device exemption before beginning human clinical trials. Usually, the manufacturer or distributor of the device is the sponsor of the trial. The application must be supported by data, typically including the results of animal and laboratory testing, and a description of how the device will be manufactured. If the application is reviewed and approved by the FDA and one or more appropriate institutional

review boards, human clinical trials may begin at a specified number of investigational sites with a specified number of patients. If the device presents a non-significant risk to the patient, a sponsor may begin clinical trials after obtaining approval for the study by one or more appropriate institutional review boards, but FDA approval for the commencement of the study is not required. Sponsors of clinical trials are permitted to sell those devices distributed in the course of the study if the compensation received does not exceed the costs of manufacture, research, development and handling. A supplement for an investigational device exemption must be submitted to and approved by the FDA before a sponsor or an investigator may make a significant change to the investigational plan that may affect the plan's scientific soundness or the rights, safety or welfare of human subjects.

Upon receipt of a PMA application, the FDA makes a threshold determination as to whether the application is sufficiently complete to permit a substantive review. If the FDA makes this determination, it will accept the application for filing. Once the submission is accepted for filing, the FDA begins an in-depth review of the application. An FDA review of a PMA application generally takes one to two years from the date the application is accepted for filing. However, this review period is often significantly extended by requests for more information or clarification of information already provided in the submission. During the review period, the submission may be sent to an FDA-selected scientific advisory panel composed of physicians and scientists with expertise in the particular field. The FDA scientific advisory panel issues a recommendation to the FDA that may include conditions for approval. The FDA is not bound by the recommendations of the advisory panel. Toward the end of the PMA application review process, the FDA will conduct an inspection of the manufacturer's facilities to ensure that the facilities are in compliance with applicable good manufacturing practice. If the FDA evaluations of both the PMA application and the manufacturing facilities are favorable, the FDA will issue a letter. This letter usually contains a number of conditions, which must be met in order to secure final approval of the application. When those conditions have been fulfilled to the satisfaction of the FDA, the agency will issue an approval letter authorizing commercial marketing of the device for specified indications and intended uses.

The PMA application review process can be expensive, uncertain and lengthy. A number of devices for which a premarket approval has been sought have never been approved for marketing. The FDA may also determine that additional clinical trials are necessary, in which case the premarket approval may be significantly delayed while trials are conducted and data is submitted in an amendment to the PMA application. Modifications to the design, labeling or manufacturing process of a device that has received premarket approval may require the FDA to approve supplements or new applications. Supplements to a PMA application often require the submission of additional information of the same type required for an initial premarket approval, to support the proposed change from the product covered by the original application. The FDA generally does not call for an advisory panel review for PMA supplements, though applicants may request one. If any PMAs are required for our products, we may not be able to meet the FDA's requirements or we may not receive any necessary approvals. Failure to comply with regulatory requirements or to receive any necessary approvals would have a material adverse effect on our business, financial condition and results of operations.

Regulatory approvals and clearances, if granted, may include significant labeling limitations and limitations on the indicated uses for which the product may be marketed. In addition, to obtain regulatory approvals and clearances, the FDA and some foreign regulatory authorities impose numerous other requirements with which medical device manufacturers must comply. FDA enforcement policy strictly prohibits the marketing of approved medical devices for unapproved uses. Any products we manufacture or distribute under FDA clearances or approvals are subject to pervasive and continuing regulation by the FDA. The FDA also requires us to provide it with information on death and serious injuries alleged to have been associated with the use of our products, as well as any malfunctions that would likely cause or contribute to death or serious injury.

The FDA requires us to register as a medical device manufacturer and list our products. We are also subject to inspections by the FDA and state agencies acting under contract with the FDA to confirm compliance with good manufacturing practice. These regulations require that we manufacture our products and maintain documents in a prescribed manner with respect to manufacturing, testing, quality assurance and quality control activities. The FDA also has promulgated final regulatory changes to these regulations that require, among other things, design controls and maintenance of service records. These changes will increase the cost of complying with good manufacturing practice requirements.

We are also subject to a variety of other controls that affect our business. Labeling and promotional activities are subject to scrutiny by the FDA and, in some instances, by the Federal Trade Commission. The FDA actively enforces

regulations prohibiting marketing of products for unapproved users. We are also subject, as are our products, to a variety of state and local laws and regulations in those states and localities where our products are or will be marketed. Any applicable state or local regulations may hinder our ability to market our products in those regions. Manufacturers are also subject to numerous federal, state and local laws relating to matters such as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. We may be required to incur significant costs to comply with these laws and regulations now or in the future. These laws or regulations may have a material adverse effect on our ability to do business.

International sales of our products are subject to the regulatory requirements of each country in which we market our products. The regulatory review process varies from country to country. The European Union has promulgated rules that require medical products to affix the CE mark, an international symbol of adherence to quality assurance standards and compliance with applicable European medical directives. The appropriate ISO certification is one of the CE mark requirements. We maintain ISO 13485:2003 certification, which allows us to issue a CE mark for our non-invasive cervical cancer detection device once development is complete and sell the device in the European Union and other markets. Losing the right to affix the CE mark to our cervical cancer detection device or any future products could have a material adverse effect on our business, financial condition and results of operations.

We will be responsible for obtaining and maintaining regulatory approvals for our products. The inability or failure to comply with the varying regulations or the imposition of new regulations would materially adversely affect our business, financial condition and results of operations.

Employees and Consultants

As of November 9, 2012, we had 35 regular employees and consulting or other contract arrangements with two additional persons to provide services to us on a full- or part-time basis. Of the 37 people employed or engaged by us, eight are engaged in research and development activities, three are engaged in sales and marketing activities, two are engaged in clinical testing and regulatory affairs, seventeen are engaged in manufacturing and development, and seven are engaged in administration and accounting. No employees are covered by collective bargaining agreements, and we believe we maintain good relations with our employees.

Our ability to operate successfully and manage our potential future growth depends in significant part upon the continued service of key scientific, technical, managerial and finance personnel, and our ability to attract and retain additional highly qualified personnel in these fields. Two of these key employees have an employment contract with us; none are covered by key person or similar insurance. In addition, if we are able to successfully develop and commercialize our products, we likely will need to hire additional scientific, technical, marketing, managerial and finance personnel. We face intense competition for qualified personnel in these areas, many of whom are often subject to competing employment offers. The loss of key personnel or our inability to hire and retain additional qualified personnel in the future could have a material adverse effect on our business, financial condition and results of operations.

PROPERTIES

Our corporate offices, which also comprise our administrative, research and development, marketing and production facilities, are located at 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092, where we lease approximately 23,000 square feet under a lease that expires in June 2017.

LEGAL PROCEEDINGS

We are subject to claims and legal actions that arise in the ordinary course of business. However, we are not currently subject to any claims or actions that we believe would have a material adverse effect on our financial position or results of operations.

MARKET FOR OUR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is dually listed on the OTCBB and the OTCQB quotation systems under the ticker symbol “GTHP.” The number of record holders of our common stock at November 9, 2012 was 211.

The high and low sales prices for the first and second quarters of 2012 and calendar years 2011 and 2010, as reported by the OTCBB, are as follows:

	2012		2011		2010	
	High	Low	High	Low	High	Low
First Quarter	$1.84	$0.43	$1.46	$0.77	$1.43	$0.72
Second Quarter	$0.92	$0.46	$1.07	$0.85	$1.00	$0.68
Third Quarter	$0.96	$0.63	$1.00	$0.74	$0.90	$0.77
Fourth Quarter			$1.52	$0.69	$0.89	$0.73

Dividend Policy

We have not paid any dividends since our inception and do not intend to pay any dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

All the securities we have provided our employees, directors and consultants have been issued under our stock option plans, which are approved by our stockholders. We have issued common stock to other individuals that are not employees or directors, in lieu of cash payments, that are not part of any plan approved by our stockholders.

Securities authorized for issuance under equity compensation plans:

Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights** **(a)**	**Weighted-average exercise price of outstanding options, warrants and rights** **(b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))** **(c)**
Equity compensation plans approved by security holders	6,862,167	$ 0.70	1,393,052
Equity compensation plans not approved by security holders	-	-	-
TOTAL	6,862,167	$ 0.70	1,393,052

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MANAGEMENT's DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONs

The following discussion should be read in conjunction with our financial statements and notes thereto accompanying this prospectus.

Overview

We are a medical technology company focused on developing innovative medical devices that have the potential to improve healthcare. Our primary focus is the development of our LuViva™ non-invasive cervical cancer detection device and extension of our cancer detection technology into other cancers, especially lung and esophageal. Our technology, including products in research and development, primarily relates to biophotonics technology for the non-invasive detection of cancers, including cervical cancer.

We are a Delaware corporation, originally incorporated in 1992 under the name "SpectRx, Inc.," and, on February 22, 2008, changed our name to Guided Therapeutics, Inc. At the same time, we renamed our majority owned subsidiary, InterScan, which originally had been incorporated as "Guided Therapeutics."

Since our inception, we have raised capital through the private sale of preferred stock and debt securities, public and private sales of common stock, funding from collaborative arrangements, and grants.

Our prospects must be considered in light of the substantial risks, expenses and difficulties encountered by entrants into the medical device industry. This industry is characterized by an increasing number of participants, intense competition and a high failure rate. We have experienced net losses since our inception and, as of September 30, 2012, we had an accumulated deficit of about $90.9 million. To date, we have engaged primarily in research and development efforts. We do not have significant experience in manufacturing, marketing or selling our products. Our development efforts may not result in commercially viable products and we may not be successful in introducing our products. Moreover, required regulatory clearances or approvals may not be obtained in a timely manner, or at all. Our products may not ever gain market acceptance and we may not ever generate significant revenues or achieve profitability. The development and commercialization of our products requires substantial development, regulatory, sales and marketing, manufacturing and other expenditures. We expect our operating losses to continue through at least the end of 2012 as we continue to expend substantial resources to introduce LuViva, further the development of our other products, obtain regulatory clearances or approvals, build our marketing, sales, manufacturing and finance organizations and conduct further research and development.

Our product revenues to date have been limited. In 2011 and 2010, the majority of our revenues were from private sales of our common stock, grants from the NCI and our collaborative arrangements with Konica Minolta. We expect that the majority of our revenue in 2012 will be derived from similar sources.

Recent Developments

Between July 1, 2012 and November 9, 2012, the Company had received a total of $3,072,000, from the exercise of outstanding warrants to purchase an aggregate of 9,642,689 shares of our common stock.

On October 23, 2012, we announced that we had signed an agreement with I.T.E.M. Medical Technologies Group to distribute our LuViva cervical cancer detection device in Turkey, Iraq and Azerbaijan.

On July 5, 2012, we completed an exchange offer for certain of our outstanding warrants to purchase up to an aggregate of approximately 28.4 million shares of our common stock. The warrants eligible for exchange had an exercise price of $0.65 per share and exercise periods ending on July 26, 2012 or March 1, 2013. The exchange offer expired on July 5, 2012. As of such date, holders of eligible warrants exercisable to purchase approximately 15,941,640 shares of our common stock had tendered such warrants for exchange. Those warrants tendered for exchange were exchanged for three classes of new warrants. New warrants exercisable for approximately 7.8 million shares of our common stock had an exercise price of $0.40 per share if exercised on or before July 15, 2012, $0.45 per share if exercised between July 16, 2012 and August 15, 2012, and $0.50 per share if exercised after August 15, 2012. These new warrants expired at the close of business on September 15, 2012. New warrants exercisable for approximately 472,000 shares and 3.6 million shares at $0.65 per share expire on July 26, 2013 and March 1, 2014, respectively. New warrants exercisable for approximately 472,000 shares and 3.6 million shares at $0.80 per share expire on July 26, 2014 and March 1, 2015, respectively. As of November 9, 2012, the Company has received approximately $2.9 million in cash proceeds from the exercise of new warrants issued in the exchange offer.

Critical Accounting Policies

Our material accounting policies, which we believe are the most critical to an investor's understanding of our financial results and condition, are discussed below. Because we are still early in our enterprise development, the number of these policies requiring explanation is limited. As we begin to generate increased revenue from different sources, we expect that the number of applicable policies and complexity of the judgments required will increase.

Currently, our policies that could require critical management judgment are in the areas of revenue recognition, reserves for accounts receivable and inventory valuation.

Revenue Recognition: We recognize revenue from contracts on a straight line basis, over the terms of the contract. We recognize revenue from grants based on the grant agreement, at the time the expenses are incurred. Revenue from the sale of the Company's products is recognized upon shipment of such products to its customers.

Valuation of Deferred Taxes: We account for income taxes in accordance with the liability method. Under the liability method, we recognize deferred assets and liabilities based upon anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. We establish a valuation allowance to the extent that it is more likely than not that deferred tax assets will not be utilized against future taxable income.

Valuation of Equity Instruments Granted To Employee, Service Providers and Investors: On the date of issuance, the instruments are recorded at their fair value as determined using the Black-Scholes valuation model. See Note 3 to the annual consolidated financial statements accompanying this report for the assumptions used in the Black-Scholes valuation.

Stock Option Plan: We measure the cost of employees services received in exchange for equity awards, including stock options, based on the grant date fair value of the awards. The cost will be recognized as compensation expense over the vesting period of the awards.

Warrants: We have issued warrants, which allow the warrant holder to purchase one share of stock at a specified price for a specified period of time. We record equity instruments including warrants issued to non-employees based on the fair value at the date of issue. The fair value of the warrants at date of issuance is estimated using the Black-Scholes Model.

Allowance for Inventory Valuation: We estimate losses from obsolete and damaged inventories quarterly and revise our reserves as a result.

Allowance for Accounts Receivable: We estimate losses from the inability of our customers to make required payments and periodically review the payment history of each of our customers, as well as their financial condition, and revise our reserves as a result.

Results of Operations

Comparison of the Three Months Ended September 30, 2012 and 2011

Revenue: Net revenue decreased to approximately $693,000 for the three months ended September 30, 2012 from approximately $1.0 million for the same period in 2011. Net revenue was lower for the three months ended September 30, 2012 than the comparable period in 2011, due to the decrease in revenue from contracts relating to our cervical

cancer detection technology and the Konica Minolta co-development agreement.

Sales Revenue, Cost of Sales and Gross Loss from Devices: Revenue from the sale of a demonstration LuViva device, for the quarter ended September 30, 2012, was approximately $43,000, with related cost of sales of approximately $55,000; resulting in a loss of approximately $12,000 on the device. We did not have any sales of devices and, therefore, did not incur any cost of sales of devices, in the same period in 2011.

Research and Development Expenses: Research and development expenses increased to approximately $787,000 for the three months ended September 30, 2012, compared to $709,000 for the same period in 2011. The increase, of approximately $78,000, was primarily due to an increase in research and development expenses for the cervical cancer detection products.

Sales and Marketing Expenses: Sales and marketing expenses were approximately $132,000 during the three months ended September 30, 2012, compared to $80,000 for the same period in 2011. The increase, of approximately $52,000, was primarily due to an increase in expenses relating to international marketing efforts for our cervical cancer detection products in development.

General and Administrative Expenses: General and administrative expenses decreased to approximately $732,000 during the three months ended September 30, 2012, compared to $2.9 million for the same period in 2011. The decrease of approximately $2.1 million is primarily related to the issuance of warrants exercisable for 2.6 million shares of common stock in connection with settlement of a claim during the three months ended September 30, 2011.

Other Income: Other income was zero for the three months ended September 30, 2012, compared to $9,000 for the same period in 2011. Other income for the three months ended September 30, 2011, was associated with a seconded employee from Konica Minolta.

Interest Expense: Interest expense decreased to approximately $16,000 for the three months ended September 30, 2012, as compared to expense of approximately $21,000, for the same period in 2011. The decrease in interest expense was a result of lower loan balances for the three months ended September 30, 2012.

Taxes: There is no provision for income taxes, for the three months ended September 30, 2012, due to the approximately $56.2 NOL carry forward at December 31, 2011. A full valuation allowance has been recorded related to any deferred tax assets created from the NOL.

Net loss was approximately $986,000 for the three months ended September 30, 2012, compared to a net loss of approximately $2.7 million for the same period in 2011, for the reasons described above.

Comparison of the Nine Months Ended September 30, 2012 and 2011

Revenue: Net revenue decreased to approximately $2.3 million for the nine months ended September 30, 2012, from approximately $2.7 million for the same period in 2011. Net revenue was lower for the nine months ended September 30, 2012, than the comparable period in 2011, due to the decrease in revenue from contracts relating to our cervical cancer detection technology and the KMOT co-development agreement.

Sales Revenue, Cost of Sales and Gross Loss from Devices: Revenue from the sale of a demonstration LuViva device, for the nine months ended September 30, 2012, was approximately $72,000, with related cost of sales of approximately $130,000; resulting in a loss of approximately $58,000 on the device. We did not have any sales of devices and, therefore, did not incur any cost of sales of devices in the same period in 2011.

Research and Development Expenses: Research and development expenses increased to approximately $2.4 million for the nine months ended September 30, 2012, compared to approximately $2.0 million for the same period in 2011. The increase, of approximately $373,000, is due to an increase in expenses for research and development of the cervical cancer detection products.

Sales and Marketing Expenses: Sales and marketing expenses were approximately $271,000 during the nine months ended September 30, 2012, compared to $200,000 for the same period in 2011. The increase, of approximately $71,000, was primarily due to an increase in expenses relating to marketing efforts for the cervical cancer detection products in development.

General and Administrative Expenses: General and administrative expenses decreased to approximately $2.7 million during the nine months ended September 30, 2012, compared to approximately $4.4 million for the same period in 2011. The decrease of approximately $1.7 million is primarily related to approximately $2.1 million in cost related to the issuance of warrants exercisable for 2.6 million shares of common stock in connection with settlement of a claim during the nine months ended September 30, 2011, offset in part by (1) a one-time write-off of obsolete materials, due to improved technology and design of our device of approximately $270,000, (2) an increase in employee stock option expense of approximately $127,000, due to employee stock options, and (3) an increase in professional fees, related to our products under development.

Other Income: Other income was zero for the nine months ended September 30, 2012, compared to $53,000 for the same period in 2011. Other income for the nine months ended September 30, 2011, was associated with a seconded employee from Konica Minolta.

Interest Expense: Interest expense decreased to approximately $52,000 for the nine months ended September 30, 2012, as compared to approximately $62,000 for the same period in 2011. The decrease is primarily due to the decrease in interest expense on lower loan balances for the nine months ended September 30, 2012.

Taxes: There is no provision for income taxes, for the nine months ended September 30, 2012, due to the approximately $56.2 NOL carry forward at December 31, 2011. A full valuation allowance has been recorded related to any deferred tax assets created from the NOL.

Net loss was approximately $3.2 million during the nine months ended September 30, 2012, compared to approximately $3.9 million for the same period in 2011, for the reasons described above.

Comparison of 2011 and 2010

General: Net loss attributable to common stockholders decreased to approximately $6.6 million or $0.14 per share in 2011, from $4.5 million or $0.12 per share in 2010.

Revenue from Grants and other Agreements: Total revenues increased to approximately $3.6 million in 2011, from $3.4 million in 2010. During the years ended December 31, 2011 and 2010, we recorded revenue of approximately $912,000 and $741,000 from the NCI grant, respectively. In 2011, approximately $2.3 million of revenue was recorded in connection with our agreements with Konica Minolta, compared to approximately $1.4 million for the same period in 2010. There were no costs of sales associated with this revenue in 2011 and 2010.

Revenue, Cost of Sales and Gross Loss from Devices: Revenue from the sale of a demonstration (LuViva) device in 2011 was approximately $20,000, with related cost of sales of approximately $37,000; resulting in a loss of approximately $17,000 on the device. We did not have any sales of devices and, therefore, did not incur any cost of sale of devices in the year ended December 31, 2010.

Revenue Cost of Sales and Gross Loss from Disposables: Revenue from the sale of disposables used with the LuViva device in 2011 was approximately $5,000, with related cost of sales of approximately $42,000; and an allowance expense of approximately $64,000, resulting in a loss of approximately $81,000. We did not have any sales of disposables and, therefore, did not incur any cost of sale of disposables in the year ended December 31, 2010.

Claim Settlement: Claim settlement expense was approximately $3.6 million in 2011. We issued warrants to purchase approximately 2.6 million shares of our common stock in settlement of a claim during the year ended December 31, 2011. This was a one-time expense. There were no expenses for claim settlement in the year ended December 31,

2010.

Research and Development Expenses: Research and development expenses increased to approximately $2.8 million in 2011, compared to approximately $1.8 million in 2010, due to an increase in expenses associated with preparation for production of demonstration devices and new engineers hired in 2011.

Sales and Marketing Expenses: Sales and marketing expenses increased to approximately $287,000 in 2011, compared to approximately $131,000 in 2010, due to an increase in expenses associated with preparation for the marketing efforts for LuViva.

General and Administrative Expense: General and administrative expense increased to about $3.6 million in 2011, from about $3.0 million in 2010. The increase is primarily related to a write off of obsolete material of approximately $416,000 and an increase in the use of professionals to support our efforts in preparation for the production of demonstration devices.

Other Income: Other income was approximately $192,000 in 2011 compared to approximately $2,000 in 2010. The increase is primarily related to approximately $120,000 received from Konica Minolta as reimbursement for the costs of a Konica Minolta employee seconded to us as part of our collaboration arrangement with Konica Minolta, as well as approximately $60,000 gain on debt restructured in the year then ended.

Interest Expense: Interest expense decreased to approximately $80,000 for the year ended December 31, 2011, as compared to expenses of approximately $1.2 million for the same period in 2010. The decrease is primarily due to the February 26, 2010 conversion of indebtedness into common stock, as well as a decrease in 2011 interest expense on a smaller principle amount of outstanding indebtedness that resulted from the repayment of outstanding indebtedness in the prior year.

Liquidity and Capital Resources

Since our inception, we have raised capital through the private sale of preferred stock and debt securities, public and private sales of common stock, funding from collaborative arrangements and grants. At September 30, 2012, we had cash of approximately $2.6 million and working capital of approximately $607,000.

Our major cash flows for the nine months ended September 30, 2012, consisted of cash out-flows of approximately $2.1 million from operations, including approximately $3.2 million of net loss, cash outflow of $496,000 from investing activities and net cash from financing activities of approximately $3.0 million, which primarily represents the proceeds received from the exercise of outstanding warrants and options, offset in part by cash utilized for loan repayment.

In July 12, 2012, we completed a warrant exchange program, pursuant to which we exchanged warrants exercisable for a total of 15,941,640 shares of common stock, or 56.29% of the warrants eligible to participate, for three classes of new warrants. The first class of new warrants expired on September 17, 2012 and carried an exercise price of $0.40, $0.45 or $0.50, depending on the date exercised. The second class of new warrants carries a one-year extension from the original expiration date and is exercisable at $0.65. The third class of new warrants carries a two-year extension from the original expiration date and is exercisable at $0.80. As of September 30, 2012, we had and issued 7,042,689 shares of common stock and received approximately $2.9 million in cash, in connection with the exercise of the first class of new warrants (the remainder of which, previously exercisable for 774,192 shares of common stock, expired pursuant to their terms).

In June 2012, we extended our existing agreement with Konica Minolta for development of our biophotonic platform specific to the detection of esophageal cancer for an additional year, effective May 1, 2012. In this agreement, we are providing Konica Minolta with technical, regulatory and clinical development of our biophotonic platform device for esophageal cancer detection. We received approximately $1.72 million in 2011 from Konica Minolta under this development agreement and expect to receive a total of $1.6 million for the third year of development (May 1, 2012 to April 30, 2013). Pursuant to the assigned task agreement, we retain all rights to use of our cervical cancer detection technology as applied to lung and biliary cancer (previously shared with Konica Minolta under the original assigned task agreement). Also in June 2012, we extended our collaboration agreement with Konica Minolta for the development of spectroscopic technology for an additional year, effective April 20, 2012. We have received $400,000 pursuant to this extension.

On November 21, 2011, we completed a private placement of 2,056,436 shares of common stock at a purchase price of $0.84 per share, pursuant to which we raised approximately $1.7 million. For each share of common stock issued, subscribers received warrants exercisable for the purchase of 1/10 of one share of common stock (in the aggregate, 285,186 shares) at an exercise price of $1.05 per share. The warrants have a five-year term.

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We will be required to raise additional funds through public or private financing, additional collaborative relationships or other arrangements in addition to these sources. We believe our existing and available capital resources will be sufficient to satisfy our funding requirements through the first quarter of 2013. We are evaluating various options to further reduce our cash requirements to operate at a reduced rate, as well as options to raise additional funds, including loans using certain assets as collateral.

Substantial capital will be required to develop our products, including completing product testing and clinical trials, obtaining all required U.S. and foreign regulatory approvals and clearances, and commencing and scaling up manufacturing and marketing our products. Any failure to obtain capital would have a material adverse effect on our business, financial condition and results of operations.

Our financial statements have been prepared and presented on a basis assuming we will continue as a going concern. The above factors raise substantial doubt about our ability to continue as a going concern, as more fully discussed in Note 1 to the consolidated financial statements contained herein and in the report of our independent registered public accounting firm accompanying our financial statements contained in our annual report on Form 10-K for the year ended December 31, 2011.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements, no special purpose entities, and no activities that include non-exchange-traded contracts accounted for at fair value.

DIRECTORS AND EXECUTIVE OFFICERS

Our executive officers are elected by and serve at the discretion of our board of directors. The following table lists information about our directors and executive officers as of November 9, 2012:

Name	Age	Position with Guided Therapeutics
Mark L. Faupel, Ph.D.	57	Chief Executive Officer, Acting Chief Financial Officer, President and Director
Richard L. Fowler	56	Senior Vice President of Engineering
Shabbir Bambot, Ph.D.	47	Vice President for Research and Development
Ronald W. Allen	70	Chairman and Director
Ronald W. Hart, Ph.D.	70	Vice Chairman and Director
John E. Imhoff, M.D.	63	Director
Michael C. James	54	Director
Jonathan M. Niloff, M.D.	58	Director
Linda Rosenstock, M.D.	61	Director

Except as set forth below, all of the executive officers have been associated with us in their present or other capacities for more than the past five years. Officers are elected annually by the board of directors and serve at the discretion of the board. There are no family relationships among any of our executive officers and directors.

Mark L. Faupel, Ph.D. has been a director since 2007 and has more than 25 years of experience in developing non-invasive alternatives to surgical biopsies and blood tests, especially in the area of cancer screening and diagnostics. Dr. Faupel has served as our Chief Executive Officer since May 2007 and prior thereto was our Chief Technical Officer from April 2001 to May 2007. Prior to coming to us in 1998, Dr. Faupel was the co-founder and Vice President of Research and Development at Biofield Corp. His work in early stage cancer detection has won two international awards and he is a former member of the European School of Oncology Task Force. Dr. Faupel has served as a National Institutes of Health reviewer, is the inventor on 15 U.S. patents and has authored numerous scientific publications and presentations, appearing in such peer-reviewed journals as *The Lancet*. Dr. Faupel earned his Ph.D. in neuroanatomy and physiology from the University of Georgia.

Dr. Faupel's extensive experience in founding and managing point of care cancer detection companies includes the basic scientific applications, clinical trials, regulatory affairs and financing. As such, Dr. Faupel, as CEO, advises the board on all aspects of our business. He is currently the Acting Chief Financial Officer.

Rick Fowler, Sr. VP of Engineering is an accomplished Executive with significant experience in the management of businesses that sell, market, produce and develop sophisticated medical devices and instrumentation. Mr. Fowler's 25 plus years of experience includes assembling and managing teams, leading businesses and negotiating contracts, conducting litigation, and developing ISO, CE, FDA QSR, GMP and GCP compliant processes and products. He is adept at providing product life cycle management through effective process definition and communication — from requirements gathering, R&D feasibility, product development, product launch, production startup and support. Mr. Fowler combines outstanding analytical, out-of-the-box, and strategic thinking with strong leadership, technical, and communication skills and he excels in dynamic, demanding environments while remaining pragmatic and focused. He is able to deliver high risk projects on time and under budget as well as enhance operational effectiveness through outstanding cross-functional team leadership (R&D, marketing, product development, operations, QA, sales, service, and finance). In addition, Mr. Fowler is well versed in global medical device regulatory and product compliance requirements.

Shabbir Bambot, Ph.D. is a co-founder and serves as our Vice President of Product Development. He has been instrumental in the launch of multiple medical diagnostic products, notable among which are the OPTI 2® (AVL/Roche) blood chemistry analyzer and the Bilicheck® (Philips/Respironics) neonatal jaundice monitor. He has been awarded multiple NIH SBIR grants totaling in excess of $6.0 million for developing and clinical testing of devices for cancer diagnosis and has 8 US patents and several pending patent applications. He has a Ph.D. in Chemical Engineering from the University of Pittsburgh, has published extensively in the life sciences and medical diagnosis arena and has served on NIH study sections as well as review panels for scientific and technical publications. He also has extensive experience with FDA 510k and PMA applications as well as quality systems compliance and ISO 13485 certification.

Ronald W. Allen was named a Director of Guided Therapeutics in September 2008 and was elected Chairman of the Board in 2011. He is currently the President and CEO of Aaron's, Inc. Mr. Allen retired as Delta Airlines Chairman of the Board, President and Chief Executive Officer in July 1997, and had been its chairman of the board and Chief Executive Officer since 1987. He is a Director of The Coca-Cola Company, Aaron Rents, Inc., Aircastle Limited and Forward Air Corporation. He also is a board member of the St. Joseph's Translational Research Institute, which endeavors to turn new medical discoveries into tangible cures.

Mr. Allen, as Chairman and CEO of Delta Airlines, pioneered the international expansion of Delta into new markets, much as we are pioneering new technology in the fight against cancer. Mr. Allen has extensive experience serving on many types of boards, both for small and large companies and for medical and non-medical entities. His background in personnel is helpful to the Board as we grow and add new personnel.

Ronald W. Hart, Ph.D. has served as a member of our Board of Directors since March 2007 and was elected Vice Chairman of the Board in 2011. He has published over 600 peer-reviewed publications, has been appointed to a number of academic positions and is credited with developing the first direct proof that DNA is causal in certain forms of cancer. He chaired a number of federal committees and task forces, including the development and implementation of the Technology Transfer Act of 1986 and the White House Task Force on Chemical Carcinogenesis. In 1980, Dr. Hart was appointed Director of the National Center for Toxicological Research, the research arm of the FDA, a position he held until 1992. In 1992, Dr. Hart was the first ever Presidential Appointee to the position of Distinguished Scientist in Residence for the US Public Health Service/FDA, a position he held until his retirement in 2000. Dr. Hart received his Ph.D. in physiology and biophysics from the University of Illinois. Dr. Hart has helped in the development of business strategy for a number of start-up companies.

Dr. Hart adds considerable value to the Board in at least four critical areas:

(1) As a former FDA bureau chief, he advises the Board and management on our FDA relationship and strategy.

(2) As an active participant in the venture community, he advises the Board on financing and other opportunities.

(3) As an expert in organizational matters, he advises the Board and management regarding company strategy and potential strategic partnerships.

(4) As an expert in international trade, he advises the Board and management on international partnering and distribution agreements.

John E. Imhoff, M.D. has served as a member of our Board of Directors since April 2006. Dr. Imhoff is an ophthalmic surgeon who specializes in cataract and refractive surgery. He is one of our principal stockholders and invests in many other private and public companies. He has a B.S. in Industrial Engineering from Oklahoma State University, an M.D. from the University of Oklahoma and completed his ophthalmic residency at the Dean A. McGee Eye Institute. He has worked as an ophthalmic surgeon and owner of Southeast Eye Center since 1983.

Dr. Imhoff has experience in clinical trials and in other technical aspects of a medical device company. His background in industrial engineering is especially helpful to our company, especially as Dr. Imhoff can combine this knowledge with clinical applications. His experience in the investment community also lends itself as invaluable to a public company that participates in equity transactions.

Michael C. James has served as a member of our Board of Directors since March 2007. Mr. James is also the Managing Partner of Kuekenhof Capital Management, LLC, a private investment management company, the Chief

Financial Officer of Inergetics, Inc., a nutraceutical supplements company and also the Chief Financial Officer of Terra Tech Corporation, which is a hydroponic and agricultural company. He also holds the position of Managing Director of Kuekenhof Equity Fund, L.P. and Kuekenhof Partners, L.P. Mr. James currently sits on the Board of Directors of Inergetics, Inc. and Terra Tech Corporation. Mr. James was Chief Executive Officer of Nestor, Inc. from January 2009 to September 2009 and served on their Board of Directors from July 2006 to June 2009. He was employed by Moore Capital Management, Inc., a private investment management company from 1995 to 1999 and held position of Partner. He was employed by Buffalo Partners, L.P., a private investment management company from 1991 to 1994 and held the position of Chief Financial and Administrative Officer. He began his career in 1980 as a staff accountant with Eisner LLP. Mr. James received a B.S. degree in Accounting from Fairleigh Dickinson University in 1980.

Mr. James has experience both in the areas of company finance and accounting, which is invaluable to us during financial audits and offerings. Mr. James has extensive experience in the management of both small and large companies and his entrepreneurial background is relevant as we develop as a company.

Jonathan M. Niloff, M.D. was elected as a director in April 2010. Dr. Niloff is the Founder, Chairman of the Board and Chief Medical Officer of MedVentive Inc. Prior to joining MedVentive, Dr. Niloff served as President of the Beth Israel Deaconess Physicians Organization, Medical Director for Obstetrics and Gynecology for its Affiliated Physicians Group, and Chief of Gynecology at New England Deaconess Hospital. He served as an Associate Professor of Obstetrics, Gynecology, and Reproductive Biology at Harvard Medical School. He has deep expertise in all aspects of medical cost and quality improvement, and has published extensively on the topic of gynecologic oncology, including the development of the CA125 test for ovarian cancer. Dr. Niloff received his undergraduate education at The Johns Hopkins University, an MD degree from McGill University, and an MBA degree from Boston University.

Dr. Niloff is uniquely qualified to assist the Board and management because he combines his clinical background as a Harvard Ob-Gyn with his business acumen developed through an MBA degree and as CEO of MedVenture. Dr. Niloff has specific experience in evaluating new medical technology (e.g., CA125) and its implications to cost containment and reimbursement. Furthermore, Dr. Niloff has numerous professional contacts in the Ob-Gyn community that can aid in our development and marketing of our cervical cancer detection technology.

Linda Rosenstock, M.D. has served as a member of the Board since April 2012. Dr. Linda Rosenstock is Dean of the University of California, Los Angeles (UCLA) Fielding School of Public Health, a position she has held since 2000. She holds appointments as Professor of Medicine and Environmental Health Sciences and is a recognized authority in broad areas of public health and science policy. Internationally, Dr. Rosenstock has been active in teaching and research in many developing countries and has served as an advisor to the World Health Organization. Dr. Rosenstock also chaired the United Auto Workers/General Motors Occupational Health Advisory Board. She is an Honorary Fellow of the Royal College of Physicians and an elected member of the National Academy of Sciences' Institute of Medicine where she has served as a member of their Board on Health Sciences Policy and Chair of the Committee for Preventive Services for Women. In January 2011, she was appointed by President Obama to the Advisory Group on Prevention, Health Promotion and Integrative and Public Health.

Before coming to UCLA in 2000, Dr. Rosenstock served as Director of the National Institute for Occupational Safety and Health (NIOSH) for nearly seven years. As Director of NIOSH, Dr. Rosenstock led the only federal agency with a mandate to undertake research and prevention activities in occupational safety and health. During her tenure, she was instrumental in creating the National Occupational Research Agenda, a framework for guiding occupational safety and health research, and in expanding the agency's responsibilities. In recognition of her efforts, Dr. Rosenstock received the Presidential Distinguished Executive Rank Award, the highest executive service award in the government and was also the James P. Keogh Award Winner for 2011 in appreciation of a lifetime of extraordinary leadership in occupational health and safety. Dr. Rosenstock received her M.D. and M.P.H. from The Johns Hopkins University. She conducted her advanced training at the University of Washington, where she was Chief Resident in Primary Care Internal Medicine and a Robert Wood Johnson Clinical Scholar.

Dr. Rosenstock is uniquely qualified as a Board Member for Guided Therapeutics. First, as a trained physician who also chairs the Preventive Services for Women Committee of the Institute of National Academy of Sciences Institute of Medicine, she has been directly involved in setting institutional and government policy for breast and cervical cancer screening, which is directly relevant to our LuViva cervical cancer detection device. Secondly, she brings a wealth of international experience in developing countries, which is a focus of our product distribution effort in cancer detection. Thirdly, she has demonstrated a lifetime of extraordinary leadership and her international recognition as an expert in health policy will provide outstanding credibility to Guided Therapeutics as a leading innovator in women's

healthcare.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table lists specified compensation we paid during each of the fiscal years ended December 31, 2011 and 2010 to the chief executive officer and our two other most highly compensated executive officers, collectively referred to as the named executive officers, in 2011:

2011 and 2010 Summary Compensation Table

Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Option Awards ($)(1)**	**Total ($)**
Mark Faupel, Ph.D.	2011	243,000	-	214,500	457,500
President, CEO, Acting CFO and Director	2010	228,000	-	520,000	748,000
Richard Fowler,	2011	173,400	-	6,250	179,650
Senior Vice President of Engineering	2010	170,000	-	-	170,000
Shabbir Bambot, Ph.D.	2011	183,750	-	6,000	189,750
Vice President of Research and Development	2010	175,000	-	-	175,000

(1) See Note 3 to the annual consolidated financial statements that accompany this prospectus.

Dr. Faupel's 2011 and 2010 compensation consisted of a base salary of $243,000 and $228,000, respectively, and usual and customary company benefits. As of December 31, 2011, Dr. Faupel's remaining deferred salary was approximately $279,414. On March 22 and May 27, 2010, Dr. Faupel was issued 250,000 options each, to purchase common stock at $1.33 and $0.75, respectively, pursuant to his employment agreement.

Dr. Bambot's 2011 and 2010 compensation consisted of a base salary of $183,750 and $175,000, respectively, and usual and customary company benefits. As of December 31, 2011, no amount was owed to Dr. Bambot.

Mr. Fowler's 2011 and 2010 compensation consisted of a base salary of $173,400 and $170,000, respectively, and usual and customary company benefits. He received no bonus and no stock options in 2011 or 2010.

As of December 31, 2011, Mr. Fowler's total salary deferred was approximately $80,628.

Outstanding Equity Awards to Officers at December 31, 2011

Name and Principal Position	Option Awards Number of Securities Underlying Options Exercisable (#)(1)	Number of Securities Underlying Options Un-exercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Un-exercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date
Mark Faupel, Ph.D. President, CEO & Acting CFO	1,306,000	-	830,000	0.75	12/16/2021
Richard Fowler Senior Vice President of Engineering	336,000	-	125,000	0.61	12/16/2021
Shabbir Bambot, Ph.D. Vice President of Research & Development	637,500	-	120,000	0.51	12/16/2021

(1) Represents fully vested options.

(2) Based on all outstanding options

Outstanding Equity Awards to Directors at December 31, 2011

Name and Principal Position	Option Awards Option Awards (#)	Option Awards Exercise Price ($)
Ronald W. Allen Chairman and Director	642,500	0.41
Ronald W. Hart, Ph.D. Director	498,750	0.41
John E. Imhoff, M.D. Director	247,500	0.80
Michael C. James Director	51,250	0.88
Jonathan Niloff, M.D. Director	86,667	0.78

The following Board members also serve as consultants to the company:

1. Ronald W. Hart, Ph.D. – Dr. Hart's consulting services include regulatory and clinical issues, especially with advice for the Company with regard to its application to the FDA.

2. Ronald W. Allen – Mr. Allen advises the company with regard to personnel and financing. As such, he plays an important role in identifying potential funding sources.

SHARE OWNERSHIP OF DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS

The following table lists information regarding the beneficial ownership of our common stock as of November 9, 2012 by (i) each person whom we know to beneficially own more than 5% of the outstanding shares of our common stock (a "5% stockholder"), (ii) each director, (iii) each officer named in the summary compensation table above, and (iv) all directors and executive officers as a group. Unless otherwise indicated, the address of each officer and director is 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
John E. Imhoff (3)**	11,028,179	16.81%
George Landegger (4) 4 International Drive Rye Brook, NY 10573	6,646,497	10.64%
Dolores Maloof (5) 2669 Mercedes Drive Atlanta, GA 30345	3,266,466	5.07 %
Richard Blumberg (6) 2357 Hobart Ave. S.W., Seattle, WA 98116	2,798,469	4.31 %
Michael C. James / Kuekenhof Equity Fund, LLP (7)**	2,136,193	3.43 %
Ronald Hart (8)**	1,620,436	2.58 %
Mark L. Faupel (9)**	1,782,851	2.80 %
Ronald W. Allen (10)**	1,009,377	1.60 %
Shabbir Bambot (11)**	613,039	*
Richard L. Fowler (12)**	513,673	*
Jonathan Niloff (13)**	125,834	*
Linda Rosenstock (14)**	75,000	
All directors and executive officers as a group (9 persons) (15)	18,904,582	26.43%

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(*) Less than 1%.

(**) Director or Executive Officer.

(1) Except as otherwise indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock. Percentage ownership is based on 62,187,321 shares of common stock outstanding as of November 9, 2012. Beneficial ownership is determined in accordance with the rules of the SEC, based on factors that include voting and investment power with respect to shares. Shares of common stock subject to currently exercisable options,

(2) warrants, convertible preferred stock or convertible notes, or any such securities exercisable within 60 days after November 9, 2012, are deemed outstanding for purposes of computing the percentage ownership of the person holding those options, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

(3) Consists of 7,591,398 shares of common stock, warrants to purchase 3,189,281 shares and options to purchase 247,500 shares. Dr. Imhoff is on the board of directors.

(4)

Consists of (i) 4,086,341 shares of common stock and warrants to purchase 285,186 shares held by The Whittemore Collection, Ltd., a New York corporation ("TWC"); (ii) 2,043,170 shares of common stock held by Mr. Landegger; (iii) 115,900 shares of common stock held by the George F. Landegger 2010 5-Year GRAT, a grantor retained annuity trust governed by the laws of the State of Connecticut; and (iv) 115,900 shares of common stock held by the George F. Landegger 2010 10-Year GRAT, a grantor retained annuity trust governed by the laws of the State of Connecticut (together with the George F. Landegger 2010 5-Year GRAT, the "Trusts"). Parsons & Whittemore Enterprises Corp., a Delaware corporation ("PWE"), is the sole shareholder of TWC, and, in such capacity, is reported herein as beneficially owning the shares and warrants that are deemed beneficially owned by TWC. Mr. Landegger is the Chairman and President of TWC and owns the majority of voting shares of PWE, and, in such capacities, is reported herein as beneficially owning the shares and warrants that are deemed beneficially owned by PWE and TWC. In addition, Mr. Landegger serves as trustee of each Trust, and in such capacity, is reported herein as beneficially owning the shares that are deemed beneficially owned by each Trust.

(5) Consists of 1,088,822 shares of common stock and warrants to purchase 2,177,644 shares of common stock.

(6) Consists of warrants to purchase 2,798,469 shares of common stock.

(7) Consists of 348,369 shares of common stock and warrants to purchase 1,736,574 shares, held by Kuekenhof Equity Fund, LP, plus options to purchase 51,250 shares held by Mr. James directly.

(8) Consists of 976,079 shares of common stock, warrants to purchase 145,607 shares and options to purchase 498,750 shares held by Hart Management, LLC, Ronald Hart, owner.

(9) Consists of 267,476 shares of common stock and options to purchase 1,515,375 shares.

(10) Consists of 250,210 shares of common stock, warrants to purchase 116,667 shares and options to purchase 642,500 shares.

(11) Consists solely of options to purchase shares of common stock.

(12) Consists of 98,115 shares of common stock, warrants to purchase 56,120 shares and options to purchase 359,438 shares.

(13) Consists of 39,167 shares of common stock and options to purchase 86,667 shares.

(14) Consists of options to purchase 75,000 shares of common stock.

(15) Consists of 9,570,814 shares of common stock, warrants to purchase 5,244,249 shares and options to purchase 4,089,519 shares.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Our Board recognizes that related person transactions present a heightened risk of conflicts of interest. The Audit Committee has the authority to review and approve all related party transactions involving directors or executive officers of the Company.

Under the policy, when management becomes aware of a related person transaction, management reports the transaction to the Audit Committee and requests approval or ratification of the transaction. Generally, the Audit Committee will approve only related party transactions that are on terms comparable to those that could be obtained in arm's length dealings with an unrelated third person. The Audit Committee will report to the full Board all related person transactions presented to it.

Based on the definition of independence of the NASDAQ Stock Market, the board has determined that Messrs. Allen and James, and Drs. Hart, Niloff, Rosenstock and Imhoff are independent directors.

LEGAL MATTERS

Jones Day, Atlanta, Georgia, passed upon the validity of the shares of common stock that may be offered by this prospectus.

EXPERTS

Our consolidated financial statements as of December 31, 2011 and 2010, and for the years then ended have been audited by UHY LLP, an independent registered public accounting firm, as set forth in its report, included in this prospectus. Our financial statements and the related independent registered public accounting firm report thereon have been included herein in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN GET MORE INFORMATION

We have filed with the SEC under the Securities Act a registration statement on Form S-1 of which this prospectus forms a part. This prospectus does not contain all of the information contained in the registration statement and its exhibits. We strongly encourage you to read carefully the registration statement and its exhibits.

Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved.

We file annual, quarterly and current reports; proxy statements and other information with the SEC. You may read and copy any of this information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for information on the operation of the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy statements and other information regarding issuers, including us, who file electronically with the SEC. The address of that site is http://www.sec.gov. The information contained on the SEC's website is expressly not incorporated by reference into this prospectus.

INDEX TO FINANCIAL STATEMENTS

Annual Consolidated Financial Statements

Unaudited Condensed Consolidated Financial Statements

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA FOR
THE FISCAL YEAR ENDED DECEMBER 31, 2011

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Guided Therapeutics, Inc.

We have audited the accompanying consolidated balance sheets of Guided Therapeutics, Inc. and Subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Guided Therapeutics, Inc. and Subsidiary as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the two-year period then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the consolidated financial statements, the accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company's recurring losses from operations and accumulated deficit raise substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

UHY LLP
Sterling Heights, Michigan
March 28, 2012

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GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2011 AND 2010
(In Thousands)

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$2,200	$3,268
Accounts receivable, net of allowance for doubtful accounts of $20 and $38 at December 31, 2011 and 2010, respectively	117	85
Inventory, net of reserves of $64 and $0 at December 31, 2011 and 2010, respectively	520	—
Other current assets	54	30
Total current assets	2,891	3,383
Property and equipment, net	1,033	37
Capitalized cost of internally developed software for internal use	—	299
Other assets	386	200
Total noncurrent assets	1,419	536
TOTAL ASSETS	$4,310	$3,919
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term notes payable	$30	$25
Current portion of long term debt	25	—
Notes payable – past due	362	614
Accounts payable	1,102	915
Accrued liabilities	757	885
Deferred revenue	453	332
Total current liabilities	2,729	2,771
Long-term loan payable, less current portion	4	31
TOTAL LIABILITIES	2,733	2,802
COMMITMENTS & CONTINGENCIES (Note 5)		
STOCKHOLDERS' EQUITY (DEFICIT):		
Common stock, $.001 par value; 100,000 shares authorized, 52,211 and 47,299 shares issued and outstanding as of December 31, 2011 and 2010, respectively	52	47
Additional paid-in capital	86,614	79,515
Treasury stock, at cost	(104)	(104)
Accumulated deficit	(85,089)	(78,445)
TOTAL GUIDED THERAPEUTICS STOCKHOLDERS' EQUITY	1,473	1,013
Non-controlling interest	104	104
TOTAL STOCKHOLDERS' EQUITY	1,577	1,117
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,310	$3,919

The accompanying notes are an integral part of these consolidated statements.

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands Except Per Share Data)

	2011	2010
REVENUE:		
Contract and grant revenue	$3,597	$3,364
Sales – Devices and Disposables	25	—
Cost of goods sold	106	—
Gross loss	(81)	—
OPERATING EXPENSES:		
Claim settlement	3,622	—
Research and development	2,779	1,805
Sales and marketing	287	131
General and administrative	3,584	3,049
Total Costs and Expenses	10,272	4,985
Operating loss	(6,756)	(1,621)
OTHER INCOME	192	2
INTEREST EXPENSE	(80)	(1,227)
LOSS FROM OPERATIONS	(6,644)	(2,846)
PROVISION FOR INCOME TAXES	—	—
NET LOSS	(6,644)	(2,846)
PREFERRED STOCK DIVIDENDS	—	(1,700)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(6,644)	$(4,546)
BASIC AND DILUTED NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(0.14)	$(0.12)
WEIGHTED AVERAGE SHARES OUTSTANDING	48,868	38,596

The accompanying notes are an integral part of these consolidated statements.

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands)

	Preferred Stock Series A		Common Stock		Additional Paid-in	Treasury	Accumulated	Non-Controlling	
	Shares	**Amount**	**Shares**	**Amount**	**Capital**	**Stock**	**Deficit**	**Interest**	**TO**
BALANCE, January 1, 2010	243	$1,962	19,915	$20	$61,642	$(104)	$(75,599)	$104	$(11,
Conversion of convertible notes into common stock	—	—	14,528	14	9,319	—	—	—	9,33
Conversion of preferred stock and accrued dividends into common stock	(243)	(1,962)	8,084	8	3,778	—	—	—	1,82
Issuance of common stock	—	—	3,772	4	3,051	—	—	—	3,05
Exercise of warrants/options	—	—	899	1	477	—	—	—	478
Conversion of accrued compensation into common stock	—	—	101	—	90	—	—	—	90
Stock-based compensation expense	—	—	—	—	1,158	—	—	—	1,15
Net Loss	—	—	—	—	—	—	(2,846)	—	(2,8
BALANCE, December 31, 2010	—	$—	47,299	$47	$79,515	$(104)	$(78,445)	$104	$1,11
Issuance of warrants for claim settlement	—	—	—	—	3,622	—	—	—	3,62
Issuance of common stock	—	—	2,090	2	1,765	—	—	—	1,76
Exercise of warrants/options	—	—	2,609	3	815	—	—	—	818
Conversion of debts into common stock	—	—	34	—	27	—	—	—	27
Stock-based compensation expense	—	—	179	—	870	—	—	—	870

Net Loss	—	—	—	—	—	—	(6,644)	—	(6,6
BALANCE, December 31, 2011	—	$—	52,211	$52	$86,614	$(104)	$(85,089)	$104	$1,5

The accompanying notes are an integral part of these consolidated statements.

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(6,644)	$(2,846)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	18	3
Depreciation	34	7
Amortization and accretion of deferred financing costs, notes and warrants	—	1,095
Issuance of warrants for legal settlement	3,622	—
Stock based compensation	870	1,158
Conversion of interest to principal	—	230
Changes in operating assets and liabilities:		
Inventory	(520)	—
Accounts receivable	(50)	47
Other current assets	(24)	18
Accounts payable	187	(243)
Deferred revenue	121	82
Accrued liabilities	(168)	141
Other assets	(180)	(39)
Total adjustments	3,910	2,499
Net cash used in operating activities	(2,734)	(347)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to capitalized software costs	(260)	(186)
Additions to fixed assets	(444)	(40)
Net cash used in investing activities	(704)	(226)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	1,767	3,055
Proceeds from issuance of convertible notes payable to former debt holders - related parties	—	101
Payments made on notes payable	(215)	(23)
Proceeds from options and warrants exercised	818	478
Net cash provided by financing activities	2,370	3,574
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,068)	3,611
CASH AND CASH EQUIVALENTS, beginning of year	3,268	230
CASH AND CASH EQUIVALENTS, end of period	$2,200	$3,268
SUPPLEMENTAL SCHEDULE OF:		
Cash paid for:		
Interest	$183	$253
NONCASH INVESTING AND FINANCING ACTIVITIES:		

Conversion of preferred stock into common stock	$—	$1,962
Dividends payable in the form of preferred stock converted into common stock	$—	$1,824
Conversion of bridge notes payable into common stock	$—	$9,333
Conversion of accrued expenses into common stock	$27	$—
Conversion of interest to principal	$63	$—
Conversion of accrued compensation to debt	$—	$90
Deemed dividends in the form of warrants.	$—	$1,700

The accompanying notes are an integral part of these consolidated statements.

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

1. Organization, Background, and Basis of Presentation

Guided Therapeutics, Inc. (formerly SpectRx, Inc.), together with its majority owned subsidiary, InterScan, Inc. (formerly Guided Therapeutics, Inc.), collectively referred to herein as the "Company", is a medical technology company focused on developing innovative medical devices that have the potential to improve healthcare. The Company's primary focus is the development of its LuViva™ non-invasive cervical cancer detection device and extension of its cancer detection technology into other cancers, especially lung and esophageal. The Company's technology, including products in research and development, primarily relate to biophotonics technology for the non-invasive detection of cancers, including cervical cancer.

Basis of Presentation

All information and footnote disclosures included in financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

The Company's prospects must be considered in light of the substantial risks, expenses and difficulties encountered by entrants into the medical device industry. This industry is characterized by an increasing number of participants, intense competition and a high failure rate. The Company has experienced net losses since its inception and, as of December 31, 2011, it had an accumulated deficit of approximately $85.0 million. Through December 31, 2011, the Company has devoted substantial resources to research and development efforts. The Company first generated revenue from product sales in 1998, but does not have significant experience in manufacturing, marketing or selling its products. The Company's development efforts may not result in commercially viable products and it may not be successful in introducing its products. Moreover, required regulatory clearances or approvals may not be obtained. The Company's products may not ever gain market acceptance and the Company may not ever achieve levels of revenue to sustain further development costs and support ongoing operations or achieve profitability. The development and commercialization of the Company's products will require substantial development, regulatory, sales and marketing, manufacturing and other expenditures. The Company expects operating losses to continue through the foreseeable future as it continues to expend substantial resources to complete development of its products, obtain regulatory clearances or approvals and conduct further research and development.

Going Concern

The Company's financial statements have been prepared and presented on a basis assuming it will continue as a going concern. The factors below raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary from the outcome of this uncertainty. Notwithstanding the foregoing, the Company believes it has made progress in stabilizing its financial situation by execution of multiyear contracts from Konica Minolta Opto, Inc., a subsidiary of Konica Minolta, Inc., a Japanese corporation based in Tokyo ("Konica Minolta") and grants from the National Cancer Institute ("NCI"), while at the same time simplifying its capital structure and significantly reducing debt.

At December 31, 2011, the Company's current assets exceeded current liabilities by approximately $158,000 and it had stockholders' equity of approximately $1.5 million, primarily due to the November 21, 2011 private placement of $1.7 million.

As of December 31, 2011, the Company was past due on payments due under its notes payable in the amount of approximately $366,000. These notes are unsecured and management is working on a payment arrangement with the holders.

On February 26, 2010, the Company held a special meeting where the stockholders approved the amendment to the Company's certificate of incorporation to reclassify the series A convertible preferred stock into common stock and warrants to purchase shares of common stock, and therefore the 13% senior secured convertible notes (the "2007 Notes") were converted into an aggregate of 13,985,197 shares of common stock (see Note 7).

On September 10, 2010, the Company completed a private placement of 3,771,605 shares of common stock at a purchase price of $0.81 per share, pursuant to which it raised approximately $3.1 million. For each share of common stock issued, subscribers received warrants exercisable for the purchase of 1/10 of one share of common stock (in the aggregate, 377,161 shares) at an exercise price of $1.01 per share. The warrants have a five-year term.

In a letter from the U.S. Treasury Department dated October 29, 2010, the Company was notified that it was awarded a cash grant of $244,479 under the federal Qualifying Therapeutic Discovery Project program for 2009. This amount was received in the fourth quarter of 2010.

On November 21, 2011 the Company completed a private placement of 2,056,436 shares of common stock at a purchase price of $0.84 per share, pursuant to which it raised approximately $1.7 million. For each share of common stock issued, subscribers received warrants exercisable for the purchase of 1/10 of one share of common stock (in the aggregate, 285,186 shares) at an exercise price of $1.05 per share. The warrants have a five-year term.

The Company’s capital-raising efforts are ongoing. If sufficient capital cannot be raised during the fourth quarter of 2012, the Company has plans to curtail operations by reducing discretionary spending and staffing levels, and attempting to operate by only pursuing activities for which it has external financial support, such as under the Konica Minolta development agreement (see below) and additional NCI or other grant funding. However, there can be no assurance that such external financial support will be sufficient to maintain even limited operations or that the Company will be able to raise additional funds on acceptable terms, or at all. In such a case, the Company might be required to enter into unfavorable agreements or, if that is not possible, be unable to continue operations, and to the extent practicable, liquidate and/or file for bankruptcy protection.

The Company anticipates receiving approximately $2.5 million from Konica Minolta in 2012, as well as new federal grants that could bring in an additional $750,000. It also has warrants exercisable for approximately 31.4 million shares of its common stock outstanding, a substantial majority of which have an exercise price of $0.65 per share. Through December 31, 2011, exercises of these warrants have generated approximately $936,000 and would generate a total of approximately $18.6 million in cash, assuming full exercise. Management may obtain additional funds through the private sale of preferred stock or debt securities, public and private sales of common stock, funding from collaborative arrangements, and grants, if available, and believes that such financing will be sufficient to support planned operations through the first quarter of 2013.

Assuming the Company receives FDA approval for its LuViva cervical cancer detection device in 2012, the Company currently anticipates an early 2013 product launch in the United States. Product launch outside the United States is expected in the second half of 2012, but cannot be assured it will be able to launch on these timetables, or at all.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas where estimates are used include the allowance for doubtful accounts, inventory valuation and input variables for Black-Scholes calculations.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Guided Therapeutics and its majority owned subsidiary. All significant intercompany balances and transactions have been eliminated.

Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be a cash equivalent.

Inventory Valuation

All inventories are stated at lower of cost or market, with cost determined substantially on a “first-in, first-out” basis. Selling, general, and administrative expenses are not inventoried, but are charged to expense when purchased.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of three to seven years. Leasehold improvements are depreciated at the shorter of the useful life of the asset or the remaining lease term. Depreciation expense is included in general and administrative expense on the statement of operations. Expenditures for repairs and maintenance are expensed as incurred. Property and equipment are summarized as follows at December 31, 2011 and 2010 (in thousands):

	Year Ended December 31,	
	2011	2010
Equipment	$1,484	$1,426
Software	640	—
Furniture and fixtures	605	500
Leasehold Improvement	170	—
	2,899	1,926
Less accumulated depreciation	(1,866)	(1,889)
Total	$1,033	$37

Patent Costs (Principally Legal Fees)

Costs incurred in filing, prosecuting, and maintaining patents are expensed as incurred. Such costs aggregated approximately $56,000 and $41,000 in 2011 and 2010, respectively.

Accounts Receivable

The majority of the Company’s accounts receivable in 2011 and 2010 were from NCI and Konica Minolta. The Company performs periodic credit evaluations of its customers’ financial conditions and generally does not require collateral. The Company reviews all outstanding accounts receivable for collectability on a quarterly basis. An allowance for doubtful accounts is recorded for any amounts deemed uncollectable. The Company does not accrue interest receivable on past due accounts receivable.

Capitalized Costs of Internally Developed Software

Costs of internally developed software are capitalized during the development stage of the software. The cost will be transferred to property and equipment and will be depreciated over the expected life of the software which is estimated to be three years once the software becomes functional.

The Company has capitalized software costs of $640,000 from inception through the December 31, 2011. These costs were transferred to property, plant, and equipment (PP&E) during 2011. These costs are now being depreciated over 36 months. Additions of $260,000 were made prior to transferring capitalized software to PP&E for depreciation.

Other Assets

Other assets primarily consist of long term deposits for various tooling projects that are being constructed for the Company. At December 31, 2011 and 2010, such balances were approximately $386,000 and $200,000, respectively.

Accrued Liabilities

Accrued liabilities are summarized as follows at December 31, 2011 and 2010 (in thousands):

	As of December 31, 2011	2010
Accrued compensation	$463	$632
Accrued professional fees	126	143
Accrued rent	82	36
Other accrued expenses	86	74
Total	$757	$885

Revenue Recognition

Revenue from the sale of the Company's products is recognized upon shipment of such products to its customers. The Company recognizes revenue from contracts on a straight line basis, over the terms of the contracts. The Company recognizes revenue from grants based on the grant agreements, at the time the expenses are incurred.

In 2011 and 2010, the majority of the Company's revenues were from the Konica Minolta and NCI. Revenue from these customers totaled approximately $3,083,000 or 85% and approximately $3,927,000 or 87% of total revenue for the year ended December 31, 2011 and 2010, respectively.

Research and Development

Research and development expenses consist of expenditures for research conducted by the Company and payments made under contracts with consultants or other outside parties and costs associated with internal and contracted clinical trials. All research and development costs are expensed as incurred.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Management provides valuation allowances against the deferred tax assets for amounts that are not considered more likely than not to be realized.

Uncertain Tax Positions

Effective January 1, 2007 the Company adopted ASC guidance regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its

ultimate settlement. At December 31, 2011, there were no uncertain tax positions.

The Company is current with its federal and applicable state tax returns filings. Although we have been experiencing recurring losses, we are obligated to file tax returns for compliance with Internal Revenue Service ("IRS") regulations and that of applicable state jurisdictions. As of December 31, 2011, the Company has approximately $66.0 million of net operating loss eligible to be carried forward for tax purposes at federal and applicable states level.

None of the Company's federal or state income tax returns are currently under examination by the IRS or state authorities. However, fiscal years 2008 and later remain subject to examination by the IRS and respective states.

Stock Based Compensation

The Company records compensation expense related to options granted to non-employees based on the fair value of the award.

Compensation cost is recorded as earned for all unvested stock options outstanding at the beginning of the first year based upon the grant date fair value estimates, and for compensation cost for all share-based payments granted or modified subsequently based on fair value estimates.

For the years ended December 31, 2011 and 2010, share-based compensation for options attributable to employees and officers were approximately $870,000 and $850,000, respectively. These amounts have been included in the Company's statements of operations. Compensation costs for stock options which vest over time are recognized over the vesting period. As of December 31, 2011, the Company had approximately $2.1 million of unrecognized compensation costs related to granted stock options to be recognized over the remaining vesting period of approximately seven years.

3. Stockholders' Equity

Common Stock

The Company has authorized 100 million shares of common stock with $0.001 par value, of which 52.2 million were issued and outstanding as of December 31, 2011.

On November 21, 2011, the Company completed a private placement of 2,056,436 shares of common stock at a purchase price of $0.84 per share, pursuant to which it raised approximately $1.7 million. For each share of common stock issued, subscribers received warrants exercisable for the purchase of 1/10 of one share of common stock (in the aggregate, 285,186 shares) at an exercise price of $1.05 per share. The warrants have a five-year term.

Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock with a $.001 par value, none of which were issued or outstanding as of December 31, 2011. The board of directors has the authority to issue these shares and to set dividends, voting and conversion rights, redemption provisions, liquidation preferences, and other rights and restrictions.

Redeemable Convertible Preferred Stock

The board of directors designated 525,000 shares of the preferred stock as redeemable convertible preferred stock, none of which remain outstanding.

Series A Convertible Preferred Stock

In 2004, the board of directors designated 242,576 shares of the preferred stock as series A convertible preferred stock. On February 26, 2010, the Company's certificate of incorporation was amended to reclassify the series A convertible preferred stock into common stock and warrants to purchase shares of common stock, and therefore all of the then-outstanding 242,576 shares of series A convertible preferred stock and accrued dividends were reclassified into 8,084,139 shares of common stock and warrants to purchase an additional 2,799,327 shares of common stock.

On the date of issuance, the warrants were recorded at their fair value as determined using the Black-Scholes valuation model. The Company issued the warrants for the purpose of inducing conversion, or "reclassification," of the series A preferred stock into common stock. The consideration expense associated with the warrants was treated as a preferred dividend. The dividend, which is the excess of (1) the fair value of all securities and other consideration (the warrants and common stock) transferred by the Company to the holders of the series A preferred stock over (2) the fair value of securities issuable pursuant to the original conversion terms (the common stock), has been subtracted from net income

to arrive at net income available to common stockholders in the calculation of earnings per share in the first quarter of 2010. Since the series A preferred stockholders received the same number of shares of common stock in the reclassification into which the series A preferred stock were contractually convertible, the excess value was attributed solely to the warrants.

In accordance with the loan agreement governing the then-outstanding 2007 Notes, upon the reclassification of the series A preferred stock, on February 26, 2010, the then-outstanding 2007 Notes were converted into 14 million shares of common stock.

The only cash settlements related to the conversion of the 2007 Notes were for fractional shares issued upon conversion.

Stock Options

Under the Company's 1995 Stock Plan (the "Plan"), a total of 1,393,052 shares remained available at December 31, 2011 and 6,862,167 shares were subject to stock options outstanding as of that date, bringing the total number of shares subject to stock options outstanding and those remaining available for issue to 8,255,219 shares of common stock as of December 31, 2011. The Plan allows the issuance of incentive stock options, nonqualified stock options, and stock purchase rights. The exercise price of options is determined by the Company's board of directors, but incentive stock options must be granted at an exercise price equal to the fair market value of the Company's common stock as of the grant date. Options historically granted have generally become exercisable over four years and expire ten years from the date of grant.

The fair value of stock options granted in 2011 and 2010 were estimated using the Black-Scholes option pricing model. A summary of the assumptions used in determining the fair value of options follows:

	2011	2010
Expected volatility	146 %	125 %
Expected option life in years	10.0	10.0
Expected dividend yield	0.00%	0.0 %
Risk-free interest rate	1.94%	1.50%
Weighted average fair value per option at grant date	$1.20	$0.98

Application of the Black-Scholes option pricing model involves assumptions that are judgmental and affect compensation expense. Historical information is the primary basis for the selection of expected volatility, expected option life and expected dividend yield. Expected volatility is based on the most recent historical period equal to the expected life of the option. The risk-free interest rate is based on yields of U.S. Treasury zero-coupon issues with a term equal to the expected life of the option on the date the stock options were granted.

Stock option activity for each of the two years ended December 31 is as follows:

	2011		2010	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	5,738,167	$ 0.41	5,480,076	$ 0.38
Options granted	2,143,000	$ 1.20	632,667	$ 1.02
Options exercised	(980,000)	$ 0.07	(223,576)	$ 0.03
Options expired/forfeited	(39,000)	$ 1.52	(151,000)	$ 3.59
Outstanding at end of year	6,862,167	$ 0.70	5,738,167	$ 0.41
Options vested and exercisable at year-end	4,800,354	$ 0.47	4,456,500	$ 0.39

Options available for grant at year-end	1,393,052	2,517,052
Aggregate intrinsic value – options exercised	$72,990	$172,073
Aggregate intrinsic value – options outstanding	$5,624,479	$2,229,563
Aggregate intrinsic value – options vested and exercisable	$5,055,690	$1,860,362

The Company estimates the fair value of stock options using a Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the expected term, expected volatility of the Company's common stock, the risk free interest rate, option forfeiture rates, and dividends, if any. The expected term of the options is based upon the historical term until exercise or expiration of all granted options. The expected volatility is derived from the historical volatility of the Company's stock on the OTCBB market for a period that matches the expected term of the option. The risk-free interest rate is the constant maturity rate published by the U.S. Federal Reserve Board that corresponds to the expected term of the option.

In January 2002, the Company assumed the Sterling Medivations 2000 Stock Option Plan, which authorizes the issuance of up to 93,765 shares of the Company's common stock. No options have been exercised under this plan. At December 31, 2011, options exercisable for 6,090 shares were outstanding under this plan.

Warrants

The Company has the following shares of common stock reserved for the warrants outstanding as of December 31, 2011:

Warrants (Underlying Shares)	Exercise Price	Expiration Date
28,605,141 (1)	$ 0.65	03/01/2013
6,790 (2)	$ 1.01	09/10/2015
2,320,000 (3)	$ 0.01	03/01/2013
285,186 (4)	$ 1.05	11/20/2016
31,217,117		

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(1) During the year ended December 31, 2011, warrants for 562,424 shares of common stock were exercised.

(2) Consists of outstanding warrants issued in conjunction with a private placement on September 10, 2010.

(3) Consists of warrants to purchase common stock at a purchase price of $0.01 per share issued in conjunction with the settlement of a claim.

(4) Consists of outstanding warrants issued in conjunction with a private placement on November 21, 2011.

4. Income Taxes

The Company has incurred net operating losses ("NOLs") since inception. As of December 31, 2011, the Company had NOL carryforwards available through 2030 of approximately $66.0 million to offset its future income tax liability. The NOL carryforwards began to expire in 2008. The Company has recorded a valuation allowance for all deferred tax assets related to the NOLs. Utilization of existing NOL carryforwards may be limited in future years based on significant ownership changes. The Company is in the process of analyzing its NOLs and has not determined if it has had any change of control issues that could limit the future use of NOL.

Components of deferred taxes are as follows at December 31 (in thousands):

	2011	2010
Deferred tax assets:		
Net operating loss carryforwards	$25,095	$23,651
Deferred tax liabilities:		
Intangible assets and other	—	980

	25,095	24,631
Valuation allowance	(25,095)	(24,631)
	$0	$0

The following is a summary of the items that caused recorded income taxes to differ from taxes computed using the statutory federal income tax rate for the years ended December 31:

	2011	2010
Statutory federal tax rate	34 %	34 %
State taxes, net of federal benefit	4	4
Nondeductible expenses	—	—
Valuation allowance	(38)	(38)
	0 %	0 %

5. Commitments and Contingencies

Operating Leases

In December 2009, the Company moved its offices, which comprise its administrative, research and development, marketing and production facilities to 5835 Peachtree Corners East, Suite D, Norcross, Georgia 30092. The Company leases approximately 23,000 square feet under a lease that expires in June 2017. The fixed monthly lease expense is approximately $12,000 plus common charges. The Company also leases office and automotive equipment under operating lease agreements with monthly payments ranging from $275 to $1,960. These leases expire at various dates through April 2016. Future minimum rental payments at December 31, 2011 under non-cancellable operating leases for office space and equipment are as follows (in thousands):

Year	Amount
2012	$ 172
2013	$ 177
2014	$ 179
2015	$ 183
2016 and thereafter	$ 255
Total	$ 966

Rental expense was approximately $171,000 and $179,000 in 2011 and 2010, respectively.

Litigation and Claims

As previously reported, in October 2010, the Company received a letter from an attorney representing Dolores M. Maloof and James E. Funderburke, two stockholders of the Company (together, the “Claimants”), asserting, among other things, that an August 2005 Warrant Agreement entered into by the Company and the Claimants (the “2005 Agreement”) had been modified by a subsequent agreement. While the Company disputed the Claimants’ assertion that an agreement modifying the 2005 Agreement had been reached, the Company determined to negotiate with the Claimants with the goal of terminating the 2005 Agreement and the rights granted thereunder to the Claimants. The 2005 Agreement, among other terms, provided for the Company to pay to the Claimants 7.5% of all net proceeds from any license or sale of the Company’s cervical cancer detection technology, without limitation.

Upon completion of negotiations with the Claimants, the Company entered into an Agreement and Release, on August 30, 2011 (the “Agreement”), by which the Claimants agreed to terminate all of their rights under the 2005 Agreement and release all claims. Accordingly, under the Agreement, the 2005 Agreement and all rights of the Claimants thereunder, including the right to receive 7.5% of proceeds from the sale or license of the Company’s cervical cancer

technology, were canceled. In exchange, the Company agreed to issue warrants to the Claimants to purchase an aggregate of 2.6 million shares of the Company's common stock at an exercise price of $0.01 per share (the "Warrants"), to pay certain royalties related to the sale of disposables in conjunction with the Company's cervical cancer detection technology and to make certain additional payments related to non-ordinary course asset sales or a sale of the Company by merger, with such royalties and related payments subject to certain "caps" limiting their amounts.

The Warrants were issued in September 2011, are immediately exercisable and will expire on March 1, 2013. The shares underlying the Warrants are subject to a Registration Rights Agreement, dated August 30, 2011 (the "Registration Rights Agreement"), which obligates the Company, within 60 days, to register the shares issuable upon exercise of the Warrants for resale by the Claimants under the Securities Act of 1933, as amended. The royalties payable pursuant to the Agreement to the Claimants consist of a 2% royalty on gross revenues generated from the sale of disposables (only) used in conjunction with the Company's cervical cancer detection technology. The cumulative royalty payable is capped at $7.2 million, and may not, together with the additional payments due in conjunction with certain non-ordinary course disposition of assets or a merger of the Company, exceed $12 million. The royalties are payable until the earlier of the sale of the Company by merger and the sale or exclusive license of all or substantially all of the Company's cervical cancer detection technology. The Agreement further provides that, in the event of one or more non-ordinary course asset sales by the Company, or a sale of the Company by merger, the Claimants will be entitled to an aggregate of 3% of the proceeds therefrom (net of any direct and customary transaction expenses), provided that the aggregate payment due under this provision is capped at the lesser of $9.5 million and the amount by which $12.0 million exceeds the cumulative amount of all payments previously paid to the Claimants in royalties or by reason of prior non-ordinary course asset sales.

As of December 31, 2011, the Company had issued the 2.6 million warrants and recorded approximately $3.6 million of warrant expenses relating to the settlement.

Contracts

On April 28, 2010, the Company entered into a one-year agreement for $750,000 with Konica Minolta to co-develop non-invasive cancer detection products. The Company received $500,000 on April 30, 2010, $200,000 in October 2010 and the remaining balance of $50,000 was paid in April 2011. The development agreement followed two years of collaborative preparations to identify large market opportunities that would benefit from the Company's proprietary technology. The new products, for the detection of lung and esophageal cancer, are based on the Company's LuViva non-invasive cervical cancer detection technology. In May 2011, the Company renewed the co-development agreement for an additional one-year term. The Company currently expects that the agreement will be extended for an additional year. The Company received approximately $750,000 in 2011 from Konica Minolta under these negotiation and development agreements. In addition, on January 28, 2010, the Company executed a new agreement with Konica Minolta for development of prototype devices specifically for the esophageal cancer detection application. In that agreement, Konica Minolta had agreed to pay approximately $1.6 million during 2010 for technical, regulatory and clinical development of prototype devices for esophageal cancer detection and, as of December 31, 2010, the Company had been paid in full. In March 2011, the Company extended the new development agreement for an additional year, effective May 1, 2011, and the Company currently expects that the agreement will be extended for an additional year. The Company received approximately $1.72 million in 2011 from Konica Minolta under these development agreements.

6. License and Technology Agreements

As part of the Company's efforts to conduct research and development activities and to commercialize potential products, the Company, from time to time, enters into agreements with certain organizations and individuals that further those efforts but also obligate the Company to make future minimum payments or to remit royalties ranging from 1% to 3% of revenue from the sale of commercial products developed from the research. The Company generally is required to make minimum royalty payments for the exclusive license to develop certain technology.

7. Notes Payable

On February 26, 2010, the Company held a special meeting of stockholders to approve an amendment to the Company's certificate of incorporation to reclassify the series A preferred stock into common stock and warrants to

purchase shares of common stock. As a result, all 242,576 outstanding shares of series A preferred stock and accrued dividends were reclassified into 8,084,139 shares of common stock and warrants to purchase an additional 2,799,327 shares of common stock. In accordance with the loan agreement governing the then-outstanding 2007 Notes, upon the reclassification of the series A preferred stock, on February 26, 2010, the then-outstanding 2007 Notes were converted into 14 million shares of common stock.

Short Term Notes Payable

At December 31, 2011, the Company owes approximately $30,000 of principal and accrued interest on a short-term note payable. The short-term note accrues interest at a rate of 15% and requires quarterly payments of $10,000.

Loan Payable

At December 31, 2009, the Company maintained a line of credit in the amount of $75,000 with Pacific International Bank of Seattle, Washington. This line was converted to a 36 months straight-line amortizing loan on February 24, 2010, with monthly principal and interest payment of $2,226 per month due February 2013. Interest is charged at a rate of 7.5%. At December 31, 2011, a balance of approximately $30,000 was outstanding, of which $25,000 is classified as current loan payable.

Notes Payable – Past Due

At December 31, 2010, the Company was past due on four short-term notes totaling approximately $614,000 of principal and accrued interest. On February 7, 2011, the Company was successful in re-negotiating two of the four remaining past due Notes. These notes are due on demand and interest is charged at rates ranging between 15-18%. The Company recorded a gain on debt restructured of approximately $60,000 from this transaction. The principal and accrued interest balance at December 31, 2011 is approximately $362,000.

8. Related Party Transactions

None

9. Valuation and Qualifying Accounts

Allowance for Doubtful Accounts

The Company has the following allowances for doubtful accounts (in thousands):

	Year Ended December 31,	
	2011	2010
Beginning balance	$38	$41
Additions / (Adjustments)	(18)	(3)
Balance	$20	$38

Inventory Reserves

The Company has the following reserves for inventory balance (in thousands):

	Year Ended December 31,	
	2011	2010
Beginning balance	$—	$ —
Additions / (Adjustments)	64	—
Balance	$64	$ —

10. Loss Per Common Share

Basic net loss per share attributable to common stockholders amounts are computed by dividing the net loss plus preferred stock dividends and deemed dividends by the weighted average number of shares outstanding during the period.

11. Subsequent Events

As of March 6, 2012 the Company had received a total of $138,323, from the exercise of outstanding warrants to purchase an aggregate of 212,804 shares of its common stock.

On February 23, 2012, the Company publicly issued a press release announcing that it has successfully completed an annual surveillance of its quality system necessary to maintain ISO 13485 certification, a requirement to secure the CE Mark for sale of the LuViva® Advanced Cervical Scan in the European Union.

On January 31, 2012 the Company announced that it has signed a definitive agreement granting CAN-med Healthcare exclusive distribution rights for its LuViva non-invasive cervical cancer detection device in Canada. The agreement is for three years and initial shipments are currently anticipated in the second quarter of 2012, with a formal launch expected to begin shortly thereafter. LuViva received Health Canada marketing approval in December 2011 under its former name, LightTouch.

On January 20, 2012 the Company announced that it plans to seek an independent panel review of its PMA application for its LuViva device from the FDA after receiving a not-approvable letter from the agency. Meanwhile, the company plans to work with FDA to address the outstanding issues so that they can be successfully resolved. The Company also announced that it plans to move forward with international sales of LuViva and imminently file for CE mark approval.

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in Thousands)

ASSETS	AS OF September 30, 2012	December 31, 2011
CURRENT ASSETS:		
Cash and cash equivalents	$2,609	$2,200
Accounts receivable, net of allowance for doubtful accounts of $7 and $20 at September 30, 2012 and December 31, 2011	65	117
Inventory, net of reserves of $64 at September 30, 2012 and December 31, 2011	461	520
Other current assets	119	54
Total current assets	3,254	2,891
Property and equipment, net	1,270	1,033
Other assets	247	386
Total noncurrent assets	1,517	1,419
TOTAL ASSETS	$4,771	$4,310
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term notes payable	$—	$30
Current portion of long-term debt	11	25
Notes payable – past due	406	362
Accounts payable	1,040	1,102
Accrued liabilities	608	757
Deferred revenue	582	453
Total current liabilities	2,647	2,729
Long-term debt payable, less current portion	—	4
Total long-term liabilities	—	4
TOTAL LIABILITIES	2,647	2,733
COMMITMENTS & CONTINGENCIES (Note 4)		
STOCKHOLDERS' EQUITY:		
Common stock, $.001 par value; 145,000 and 100,000 shares authorized, 62,187 and 52,211 shares issued and outstanding, as of September 30, 2012 and December 31, 2011, respectively	62	52
Additional paid-in capital	92,973	86,614
Treasury stock, at cost	(104)	(104)
Accumulated deficit	(90,911)	(85,089)
TOTAL GUIDED THERAPEUTICS STOCKHOLDERS' EQUITY	2,020	1,473
Non-controlling interest	104	104

TOTAL STOCKHOLDERS' EQUITY	2,124	1,577
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$4,771	$4,310

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

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in Thousands Except Per Share Data)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30,		FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2012	2011	2012	2011
REVENUE:				
Contract and grant revenue	$693	$1,021	$2,326	$2,701
Sales – devices and disposables	43	—	72	—
Cost of goods sold	55	—	130	—
Gross Loss	(12)	—	(58)	—
COSTS AND EXPENSES:				
Research and development	787	709	2,397	2,024
Sales and marketing	132	80	271	200
Claim settlement	—	2,285	—	2,285
General and administrative	732	596	2,714	2,066
Total	1,651	3,670	5,382	6,575
Operating loss	(970)	(2,649)	(3,114)	(3,874)
OTHER INCOME	—	9	—	53
INTEREST EXPENSE	(16)	(21)	(52)	(62)
LOSS BEFORE INCOME TAXES	(986)	(2,661)	(3,166)	(3,883)
PROVISION FOR INCOME TAXES	—	—	—	—
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLERS	$(986)	$(2,661)	$(3,166)	$(3,883)
BASIC AND DILUTED NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(0.02)	$(0.05)	$(0.06)	$(0.08)
WEIGHTED AVERAGE SHARES OUTSTANDING	60,827	48,813	55,810	48,379

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

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in Thousands)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(3,166)	$(3,883)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense (recovery)	(8)	—
Depreciation and amortization	258	18
Stock based compensation	493	347
Issuance of warrants in connection with settlement of claim	—	2,285
Changes in operating assets and liabilities:		
Inventory	60	—
Accounts receivable	59	(39)
Other current assets	(64)	(10)
Accounts payable	(62)	220
Deferred revenue	129	39
Accrued liabilities	44	(156)
Other assets	139	(585)
Total adjustments	1,048	2,119
Net cash used in operating activities	(2,118)	(1,764)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to capitalized software costs	—	(184)
Additions to fixed assets	(496)	(264)
Net cash used in investing activities	(496)	(448)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from options and warrants exercised	3,072	245
Payments on notes and loan payables	(50)	(173)
Net cash provided by financing activities	3,022	72
NET CHANGE IN CASH AND CASH EQUIVALENTS	409	(2,141)
CASH AND CASH EQUIVALENTS, beginning of year	2,200	3,268
CASH AND CASH EQUIVALENTS, end of period	$2,609	$1,128
SUPPLEMENTAL SCHEDULE OF:		
Cash paid for interest	$12	$2
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of notes payable into common stock	$—	$27

Deemed dividends in the form of warrants to purchase common stock	$2,654	$—
Conversion of interest to principal	$—	$25
Conversion of deferred compensation into common stock	$148	$—

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

GUIDED THERAPEUTICS, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements included herein have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") for interim financial reporting and with the instructions to Form 10-Q and Article 10 of Regulation S-X by Guided Therapeutics, Inc. (formerly SpectRx, Inc.), together with its majority owned subsidiary, InterScan, Inc. ("InterScan") (formerly Guided Therapeutics, Inc.), collectively referred to herein as the "Company." Accordingly, they do not include all information and footnotes required by GAAP for complete financial statements. These statements reflect adjustments, all of which are of a normal, recurring nature, and which are, in the opinion of management, necessary to present fairly the Company's financial position as of September 30, 2012, results of operations for the three and nine months ended September 30, 2012 and 2011, and cash flows for the nine months ended September 30, 2012 and 2011. The results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of the results for a full fiscal year. Preparing financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2011.

The Company's prospects must be considered in light of the substantial risks, expenses and difficulties encountered by entrants into the medical device industry. This industry is characterized by an increasing number of participants, intense competition and a high failure rate. The Company has experienced net losses since its inception and, as of September 30, 2012, it had an accumulated deficit of approximately $90.9 million. Through September 30, 2012, the Company has devoted substantial resources to research and development efforts. The Company does not have significant experience in manufacturing, marketing or selling its products. The Company's development efforts may not result in commercially viable products and it may not be successful in introducing its products. Moreover, required regulatory clearances or approvals may not be obtained. The Company's products may not ever gain market acceptance and the Company may not ever achieve levels of revenue to sustain further development costs and support ongoing operations or achieve profitability. The development and commercialization of the Company's products will require substantial development, regulatory, sales and marketing, manufacturing and other expenditures. The Company expects operating losses to continue through the foreseeable future as it continues to expend substantial resources to complete development of its products, obtain regulatory clearances or approvals and conduct further research and development.

Going Concern

The Company's financial statements have been prepared and presented on a basis assuming it will continue as a going concern. The factors below raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern. Notwithstanding the foregoing, the Company believes it has made progress in stabilizing its financial situation by execution of multiyear contracts with Konica Minolta Opto, Inc., a subsidiary of Konica Minolta, Inc., a Japanese corporation based in Tokyo ("Konica Minolta") and grants from the National Cancer Institute ("NCI"), while at the same time simplifying its capital structure and significantly reducing debt.

At September 30, 2012, the Company had working capital of approximately $607,000 and it had stockholders' equity of approximately $2.0 million, primarily due to the recurring losses, offset in part by the recognition of the warrants exchanged as part of the Warrant Exchange Program. As of September 30, 2012, the Company was past due on payments due under its notes payable in the amount of approximately $406,000.

The Company's capital-raising efforts are ongoing. If sufficient capital cannot be raised during the first quarter of 2013, the Company has plans to curtail operations by reducing discretionary spending and staffing levels, and attempting to operate by only pursuing activities for which it has external financial support, such as under its development agreement with Konica Minolta and additional NCI or other grant funding. However, there can be no assurance that such external financial support will be sufficient to maintain even limited operations or that the Company will be able to raise additional funds on acceptable terms, or at all. In such a case, the Company might be required to enter into unfavorable agreements or, if that is not possible, be unable to continue operations, and to the extent practicable, liquidate and/or file for bankruptcy protection.

The Company could receive additional funding from Konica Minolta or other strategic partners as well as new federal grants that could bring in an additional $2.7 million. As of September 30, 2012, the Company had warrants exercisable for approximately 20.8 million shares of its common stock outstanding, a substantial majority of which have an exercise price of $0.65 and $0.80 per share. Through September 30, 2012, exercises of warrants have generated approximately $3.0 million and would generate a total of approximately $14.2 million in cash, assuming full exercise. Management may obtain additional funds through the private sale of preferred stock or debt securities, public and private sales of common stock, funding from collaborative arrangements, and grants, if available, and believes that such financing will be sufficient to support planned operations through the first quarter of 2013.

Assuming the Company receives Food and Drug Administration ("FDA") approval for its LuViva cervical cancer detection device in early 2013, the Company currently anticipates a late 2013 product launch in the United States. Product launch outside the United States commenced, as expected, in the second half of 2012, but the Company cannot be assured it will be able to continue its product launch on these timetables, or at all.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies were set forth in the audited financial statements and notes thereto for the year ended December 31, 2011 included in its annual report on Form 10-K, filed with the Securities and Exchange Commission ("SEC").

Accounting Standards Updates

Newly effective accounting standards updates and those not effective until after September 30, 2012, are not expected to have a significant effect on the Company's financial position or results of operations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be a cash equivalent.

Concentration of Credit Risk

The Company, from time to time during the periods covered by these consolidated financial statements, may have bank balances in excess of their insured limits. Management has deemed this as a normal business risk.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of three to seven years. Leasehold improvements are depreciated at the shorter of the useful life of the asset or the remaining lease term. Depreciation expense is included in general and administrative expense on the statement of operations. Expenditures for repairs and maintenance are expensed as incurred.

Inventory Valuation

All inventories are stated at lower of cost or market, with cost determined substantially on a “first-in, first-out” basis. Selling, general, and administrative expenses are not inventoried, but are charged to expense when purchased. At September 30, 2012 and December 31, 2011, our inventories were as follows:

	September 30, 2012	December 31, 2011
Raw materials	$475,662	$433,007
Work in process	47,760	149,069
Finished goods	1,750	1,960
Inventory reserve	(64,036)	(64,036)
Total	$461,136	$520,000

Significant Customers

The majority of the Company's revenues were from the Konica Minolta contracts and the NCI grant. Revenue from these sources totaled approximately $2.3 million or 98% and approximately $2.7 million or 99% of total revenue for the nine months ended September 30, 2012 and 2011, respectively. Revenue from these sources totaled approximately $693,000 or 98% and approximately $1.0 million or 99% of total revenue for the three months ended September 30, 2012 and 2011, respectively. Receivables from these customers accounted for 51% and 48% of total receivables at September 30, 2012 and December 31, 2011, respectively.

Accounts Receivable

The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company reviews all outstanding accounts receivable for collectability on a quarterly basis. An allowance for doubtful accounts is recorded for any amounts deemed uncollectable.

Revenue Recognition

The Company recognizes revenue from contracts on a straight line basis, over the terms of the contract. We recognize revenue from grants based on the grant agreement, at the time the expenses are incurred. Revenue from the sale of the Company's products is recognized upon shipment of such products to its customers.

Deferred Revenue

The Company defers payments received as revenue until earned based on the related contracts on a straight line basis, over the terms of the contract.

Valuation of Deferred Taxes

We account for income taxes in accordance with the liability method. Under the liability method, we recognize deferred assets and liabilities based upon anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases. We establish a valuation allowance to the extent that it is more likely than not that deferred tax assets will not be utilized against future taxable income. As of December 31, 2011, the Company has approximately $56.2 million of Net Operating Loss (NOL) carry forward. There is no provision for income taxes at September 30, 2012, due to the NOL. A full valuation allowance

has been recorded related to any deferred tax assets created from the NOL.

Stock Option Plan

The Company measures the cost of employees services received in exchange for equity awards, including stock options, based on the grant date fair value of the awards. The cost will be recognized as compensation expense over the vesting period of the awards.

Warrants

The Company has issued warrants, which allow the warrant holder to purchase one share of stock at a specified price for a specified period of time. The Company records equity instruments, including warrants issued to non-employees, based on the fair value at the date of issue. The fair value of the warrants at date of issuance is estimated using the Black-Scholes Model.

3. STOCK-BASED COMPENSATION

For the three and nine months ended September 30, 2012, stock-based compensation for options attributable to employees, officers and directors was approximately $143,000 and $493,000, respectively, and has been included in the Company's third quarter 2012 statement of operations. For the three and nine months ended September 30, 2011, stock-based compensation for options attributable to employees, officers and directors was approximately $96,000 and $347,000, respectively, and has been included in the Company's third quarter 2011 statement of operations. Compensation costs for stock options, which vest over time, are recognized over the vesting period. As of September 30, 2012, the Company had approximately $1.6 million of unrecognized compensation expense related to granted stock options, to be recognized over the remaining vesting period of approximately three years.

4. LITIGATION AND CLAIMS

From time to time, the Company may be involved in various legal proceedings and claims arising in the ordinary course of business. Management believes that the disposition of these matters, individually or in the aggregate, is not expected to have a material adverse effect on the Company's financial condition. However, depending on the amount and timing of such disposition, an unfavorable resolution of some or all of these matters could materially affect the future results of operations or cash flows in a particular period.

As of September 30, 2012 and December 31, 2011, there was no accrual recorded for any potential losses related to pending litigation.

5. STOCKHOLDERS' EQUITY

Common Stock

The Company has authorized 145 million shares of common stock with $0.001 par value, 62,187,321 of which were outstanding as of September 30, 2012. For the quarter ended September 30, 2012, we issued 6,297,258 shares, in connection with the exercise of outstanding warrants.

Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock with a $.001 par value. The board of directors has the authority to issue these shares and to set dividends, voting and conversion rights, redemption provisions, liquidation preferences, and other rights and restrictions. The board of directors designated 525,000 shares of the preferred stock as redeemable convertible preferred stock. None of the Company's preferred stock was outstanding at September 30, 2012.

Stock Options

The Company has a 1995 stock option plan (the "Plan") approved by its stockholders for officers, directors and key employees of the Company and consultants to the Company. Participants are eligible to receive incentive and/or nonqualified stock options. The aggregate number of shares that may be granted under the Plan is 13,255,219 shares. The Plan is administered by the compensation committee of the board of directors. The selection of participants, grant of options, determination of price and other conditions relating to the exercise of options are determined by the compensation committee of the board of directors and administered in accordance with the Plan.

Both incentive stock options and non-qualified options granted to employees, officers and directors under the Plan are exercisable for a period of up to 10 years from the date of grant, at an exercise price that is not less than the fair market value of the common stock on the date of the grant. The options typically vest in installments of 1/48 of the options outstanding every month.

A summary of the Company's activity under the Plan, as of September 30, 2012, and changes during the nine months then ended is as follows:

	Shares	Weighted average exercise price
Outstanding, January 1, 2012	6,862,167	$ 0.70
Granted	82,500	$ 0.80
Exercised	(231,461)	$ 0.27
Expired	(144,000)	$ 2.87
Outstanding, September 30, 2012	6,569,206	$ 0.67
Vested and exercisable, September 30, 2012	4,921,215	$ 0.48

The Company estimates the fair value of stock options using a Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the expected term, expected volatility of the Company's stock, the risk free interest rate, option forfeiture rates, and dividends, if any. The expected term of the options is based upon the historical term until exercise or expiration of all granted options. The expected volatility is derived from the historical volatility of the Company's stock on the OTCBB market for a period that matches the expected term of the option. The risk-free interest rate is the constant maturity rate published by the U.S. Federal Reserve Board that corresponds to the expected term of the option.

Under the Plan, a total of 6,686,013 shares remained available at September 30, 2012, and 6,569,206 shares were outstanding as of that date, bringing the total number of shares subject to stock options outstanding and those remaining available for issue to 13,255,219 shares of common stock as of September 30, 2012. The Plan allows the issuance of incentive stock options, nonqualified stock options, and stock purchase rights. The exercise price of options is determined by the Company's board of directors, but incentive stock options must be granted at an exercise price equal to the fair market value of the Company's common stock as of the grant date. Options historically granted have generally become exercisable over four years and expire ten years from the date of grant.

In January 2002, the Company assumed the Sterling Medivations 2000 Stock Option Plan, which authorizes the issuance of up to 93,765 shares of the Company's common stock. No options have been issued under this plan.

Warrants

In July 2012, the Company completed a warrant exchange program, pursuant to which it exchanged warrants exercisable for a total of 15,941,640 shares of common stock, or 56.29% of the warrants eligible to participate, for three classes of new warrants. These exchanges resulted in a deemed dividend of approximately $2.65 million, reflected as a non-cash disclosure in this quarterly financial statement of cash flows. The first class of new warrants expired on September 17, 2012 and carried an exercise price of $0.40, $0.45 or $0.50, depending on the date exercised. The second class of new warrants carries a one-year extension from the original expiration date and is exercisable at $0.65. The third class of new warrants carries a two-year extension from the original expiration date and is exercisable at $0.80. As of September 30, 2012, the Company had issued 7,042,689 shares of common stock and received approximately $2.9 million in cash, in connection with the exercise of the first class of new warrants (the remainder of which, previously exercisable for 774,192 shares of common stock, expired pursuant to their terms).

The following table summarizes transactions involving the Company's outstanding warrants to purchase common stock for the nine months ended September 30, 2012:

	Warrants (Underlying Shares)
Outstanding, January 1, 2012	31,217,117
Issuances	—
Canceled / Expired	(844,966)
Exercised	(9,570,639)
Outstanding, September 30, 2012	20,801,512

The Company had the following shares reserved for the warrants outstanding as of September 30, 2012:

Warrants (Underlying Shares)		Exercise Price	Expiration Date
12,384,777	(1)	$0.65	03/01/2013
471,856	(2)	$0.65	07/26/2013
3,590,525	(3)	$0.65	03/01/2014
471,856	(4)	$0.80	07/26/2014
3,590,522	(5)	$0.80	03/01/2015
6,790	(6)	$1.01	09/10/2015
285,186	(7)	$1.05	11/20/2016
20,801,512			

(1) Consists of outstanding warrants issued in connection with various financings, but amended or originally issued on February 26, 2010 to expire on March 1, 2013.

(2) Consists of outstanding warrants issued in connection with the warrant exchange program in June 2012, to expire on July 26, 2013.

(3) Consists of outstanding warrants issued in connection with the warrant exchange program in June 2012, to expire on March 1, 2014.

(4) Consists of outstanding warrants issued in connection with the warrant exchange program in June 2012, to expire on July 26, 2014.

(5) Consists of outstanding warrants issued in connection with the warrant exchange program in June 2012, to expire on March 1, 2015.

(6) Consists of outstanding warrants issued in conjunction with a private placement on September 10, 2010, to expire on September 10, 2015.

(7) Consists of outstanding warrants issued in conjunction with a private placement on November 21, 2011, to expire on November 20, 2016.

6. LOSS PER COMMON SHARE

Basic net loss per share attributable to common stockholders amounts are computed by dividing the net loss plus preferred stock dividends and deemed dividends on preferred stock by the weighted average number of common shares outstanding during the period.

7. NOTES PAYABLE

Loan Payable

At December 31, 2009, the Company maintained a line of credit in the amount of $75,000 with Pacific International Bank of Seattle, Washington. This line was converted to a 36 months straight-line amortizing loan on February 24, 2010, with monthly principal and interest payment of $2,220 per month, due February 2013. Interest is charged at a rate of 7.5%. At September 30, 2012, a balance of approximately $11,000 was outstanding, which is classified as current loan payable. For the same period in 2011, the balance was approximately $36,000.

Notes Payable – Past Due

At September 30, 2012 the Company was past due on two short-term notes for approximately $406,000 of principal and accrued interest. For the same period in 2011, the balance was approximately $353,000. These notes were due on demand and interest is charged at rates ranging between 15-18%.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the various expenses and costs incurred or to be incurred by us in connection with the sale of the shares of common stock offered hereby, other than selling commissions, which will be borne by the selling stockholders. All the amounts shown are estimated except the SEC registration fee.

Expense	Dollar Amount
SEC filing fee	$1,324
Legal fees and expenses	10,000
Accounting fees and expenses	10,000
Blue sky and related expenses	5,800
Miscellaneous	500
Total	$27,624

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law permits a corporation to include in its charter documents, and in agreements between the corporation and its directors and officers, provisions expanding the scope of indemnification beyond that specifically provided by the current law. Article VII of our certificate of incorporation provides for the indemnification of directors to the fullest extent permissible under Delaware law. Article VII of our bylaws provides for the indemnification of officers, directors and third parties acting on our behalf if such person acted in good faith and in a manner reasonably believed to be in and not opposed to our best interest and, with respect to any criminal action or proceeding, if the indemnified party had no reason to believe his conduct was unlawful.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On April 13, 2009, we issued a 15% note to John E. Imhoff in the amount of $565,660 to replace the notes purchased by Dr. Imhoff that were previously issued to other investors, in the amounts of $154,403, $102,470, $158,787 and $150,000, under the same terms and conditions. In connection with Mr. Imhoff's re-purchase of those notes, warrants to purchase 2,464,360 shares of common stock, previously issued to the selling investors, were canceled and a new warrant was issued to Mr. Imhoff. Thereafter, three of the four selling investors kept warrants to purchase 150,000, 102,400 and 150,000 shares of common stock, respectively, under the same terms and conditions. On August 31, 2009, we converted Mr. Imhoff's note into a 13% senior secured convertible note (a "2007 note").

On April 15, 2009, we issued a 17% unsecured note to John E. Imhoff in the amount of $35,000 to replace the notes purchased by Dr. Imhoff that were previously issued to Dolores Maloof on April 3, 2009 and William Zachary on March 26, 2009, in the amounts of $25,000 and $10,000, respectively, under the same terms and conditions. On August 31, 2009, we converted this note into a 2007 note.

Additionally, we issued 17% unsecured notes to the following related parties on the dates indicated:

Noteholder Original Loan Amount Original Loan Date(s) Loan Maturity Date Loan Status

Ronald W. Hart	$	10,000	04/10/09	10/09/09	Converted to 2007 Note
Dolores Maloof	$	25,000	04/17/09	05/27/09	Converted to 2007 Note
Ronald W. Hart	$	6,000	04/23/09	10/22/09	Converted to 2007 Note
John Imhoff	$	65,000	07/07/09	01/06/10	Converted to 2007 Note

On June 19, 2009, we issued a 15% unsecured note in the amount of $10,000 to a new investor. On August 31, 2009, we converted this note and all of the outstanding notes described in the table above into 2007 notes.

On August 31, 2009, giving effect to all of the conversions to 2007 notes described above, we issued an aggregate of $3.6 million in 2007 notes in exchange for the extinguishment of an equal amount of debt represented by the exchanged notes.

In October of 2009, the loan agreement governing the 2007 notes was further amended to provide for automatic conversion of the 2007 notes into a number of shares of common stock equal to the outstanding amounts being so converted divided by the then-current conversion price of $0.65, to be triggered upon a reclassification of the series A convertible preferred stock into common stock and warrants to purchase shares of common stock.

On February 26, 2010, we held a special meeting of stockholders to approve an amendment to our certificate of incorporation to reclassify the series A convertible preferred stock into common stock and warrants to purchase shares of common stock. As a result, all 242,576 outstanding shares of series A convertible preferred stock and accrued dividends were reclassified into 8,084,139 shares of common stock and warrants to purchase an additional 2,799,327 shares of common stock. The warrants were amended to expire on March 1, 2013 and the price was amended from $0.78 to $0.65. Upon this reclassification, the $9.1 million in outstanding 2007 Notes and accrued interest was automatically converted into 14.0 million shares of common stock.

On September 10, 2010, we completed a private placement of 3,771,605 shares of our common stock at a purchase price of $0.81 per share, pursuant to which we raised approximately $3 million. For each share of common stock issued, subscribers received warrants exercisable for the purchase of 1/10 of one share of common stock (in the aggregate, 377,161 shares) at an exercise price of $1.01 per share. The warrants have a five-year term.

On November 30, 2010, we issued 615,384 shares of our common stock to Opaline International, Inc. in connection with the exercise of warrants. We received $399,999.60 in proceeds.

In December 2010, we issued 100,000 shares of common stock to Mark Faupel, our President and CEO, as a payment for outstanding salary of $82,000, the value of our common stock on the date of issuance, which was exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering.

In November 2011, we completed a private sale to two existing stockholders of (i) an aggregate of 2,056,436 shares of our common stock and (ii) warrants to purchase up to an aggregate of 285,186 shares of our common stock, for an aggregate offering price of approximately $1.73 million. For each share of common stock purchased, the subscribers received warrants exercisable for the purchase of 0.1387 of one share of common stock (in the aggregate, 285,186 shares) at an exercise price of $1.05 per share. The warrants have a five-year term.

In 2010, we received approximately $432,500, from the exercise of outstanding warrants to purchase an aggregate of 665,384 shares of our common stock. In 2011, we received approximately $366,000, from the exercise of outstanding warrants to purchase an aggregate of 562,424 shares of our common stock. See Note 3 to the annual consolidated financial statements accompanying the prospectus contained in this registration statement. For the nine months ended September 30, 2012, we received approximately $3,072,000, from the exercise of outstanding warrants to purchase an aggregate of 9,642,689 shares of our common stock. See Note 5 to the unaudited condensed consolidated financial statements for the period ended June 30, 2012 accompanying the prospectus contained in this registration statement. Between July 1, 2012 and November 9, 2012 we had received approximately $2.9 million, from the exercise of outstanding warrants to purchase an aggregate of 7,042,689 shares of our common stock.

On July 5, 2012, we completed an exchange offer for certain of our outstanding warrants to purchase up to an aggregate of 28,389,336 shares of our common stock. The warrants eligible for exchange had an exercise price of

$0.65 per share and exercise periods ending on July 26, 2012 or March 1, 2013. Each eligible warrant was exchangeable for a combination of three classes of new warrants, all of which are exercisable immediately, with exercise prices ranging from $0.40 to $0.80 per share and exercise periods ending from September 15, 2012 to March 1, 2015. Warrants exercisable for a total of approximately 15,941,640 shares of common stock were tendered and accepted for exchange in connection with this exchange offer.

The issuances of securities described above, in private placements to a accredited investors, were exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering, except for the issuances of securities on February 26, 2010 and the exchange offer completed on July 5, 2012, described above, which were exempt from registration under the Securities Act in reliance upon Section 3(a)(9) of the Securities Act as exchanges with existing securities holders exclusively where no commission or other remuneration was paid or given directly or indirectly for soliciting such exchanges. The securities described above are restricted securities for the purpose of the Securities Act. Certificates representing the securities bear a restrictive legend providing that the securities have not been registered under the Securities Act and cannot be sold or otherwise transferred without an effective registration or an exemption therefrom. Except as otherwise provided above, all cash proceeds from these issuances were used in product development, working capital and other general corporate purposes.

ITEM 16. EXHIBITS

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
3.1	Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the period ended June 30, 2010, filed August 12, 2010).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the current Report on Form 8-K, filed March 23, 2012).
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Amended Registration Statement on Form S-1/A (No. 333-22429), filed April 24, 1997).
4.2	Amended and Restated Loan Agreement by and among SpectRx, Inc., the Agent, and the Noteholders, dated March 1, 2007 (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-QSB, filed August 24, 2007).
4.3	First Amendment to the Amended and Restated Loan Agreement (incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-QSB, filed August 24, 2007).
4.4	Amendment to Amended and Restated Loan Agreement (incorporated by reference to Exhibit 4.12 to the Quarterly Report on Form 10-Q for the period ended June 30, 2010, filed August 12, 2010).
4.5	Form of Warrant (incorporated by reference to Annex 1 to the proxy statement on Schedule 14A, filed February 3, 2010).
4.6	Form of Warrant Agreement (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed September 14, 2010).
4.7	Form of Warrant Agreement (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed September 2, 2011).
4.8	Form of Warrant Agreement (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K /A, filed November 28, 2011).
5.1*	Opinion of Jones Day regarding validity.
10.1	1995 Stock Plan and form of Stock Option Agreement thereunder (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-1 (No. 333-22429) filed February 27, 1997).
10.2	2000 Amendment to the 1995 Stock Plan, as amended (incorporation by reference to Appendix 1 to the Definitive Proxy Statement filed April 24, 2000).
10.3	2005 Amendment No. 2 to the 1995 Stock Plan, as amended (incorporated by reference to Appendix 1 to the proxy statement on Schedule 14A, filed May 10, 2005).
10.4	2010 Amendment to the 1995 Stock Plan (incorporated by reference to Exhibit 10.3 to the Registration Statement on Form S-8 (File No. 333-178261), filed December 1, 2011.
10.5	Consulting and Severance Agreement between SpectRx, Inc. and Mark A. Samuels, dated May 7, 2007 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K/A, filed June 5, 2007).
10.6	Assigned Task Agreement (incorporated by reference to Exhibit 10.17 to the Quarterly Report on Form 10-Q for the period ended March 31, 2010, filed May 13, 2010).
10.7	Assigned Task Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed April 1, 2011).
10.8	Agreement for Collaboration (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed April 1, 2011).
10.9	Agreement for Re-Engineering and Manufacture of New BDS Device (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the period ended March 31, 2010, filed May 16, 2011).
10.10	Form of Subscription Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed September 14, 2010).

10.11	Form of Subscription Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed November 28, 2010).
10.12	Registration Rights Agreement, dated August 30, 2011 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed September 2, 2011).
10.13	Agreement and Release, dated August 30, 2011 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed September 2, 2011).

EXHIBIT NO.	DESCRIPTION
10.14	Assigned Task Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed June 26, 2012).
10.15	Agreement for Collaboration in the Development of Spectroscopic Technology (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed June 26, 2012).
21.1	Subsidiaries (incorporated by reference to Exhibit 21.1 to the Registration Statement on Form S-1 (No. 333-169755) filed October 5, 2010).
23.1*	Consent of UHY LLP.
23.2*	Consent of Jones Day (included in Exhibit 5.1).
24.1	Powers of Attorney (included at signature page).
101.1	Interactive Data File*

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*Filed herewith.

ITEM 17. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

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

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

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

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

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

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

(4) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this amendment to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Norcross, State of Georgia, on November 14, 2012.

GUIDED THERAPEUTICS, INC.

By: /s/ Mark L. Faupel
President, Chief Executive Officer and
Acting Chief Financial Officer

POWERS OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Mark L. Faupel, with full power of substitution and resubstitution, as attorney-in-fact of the undersigned, for him and in his name, place and stead, to execute and file with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 any and all amendments, supplements and exhibits to this Registration Statement (including pre-effective and post-effective amendments and supplements), to execute and file any and all other applications or other documents to be filed with the Commission, such attorney to have full power to act with or without the others, and to have full power and authority to do and perform, in the name and on behalf of the undersigned, every act whatsoever necessary, advisable or appropriate to be done in the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and approving the act of said attorney and any such substitute.

Pursuant to the requirements of the Securities Act of 1933, this amendment to the registration statement has been signed by the following persons in the capacities and on the dates indicated:

DATE	SIGNATURE	TITLE
November 14, 2012	/s/ Mark L. Faupel Mark L. Faupel	President, Chief Executive Officer, Acting Chief Financial Officer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)
November 14, 2012	/s/ Ronald W. Allen Ronald W. Allen	Chairman and Director
November 14, 2012	/s/ Ronald W. Hart Ronald W. Hart, Ph.D.	Vice Chairman and Director
November 14, 2012	/s/ John E. Imhoff John E. Imhoff	Director

November 14, 2012	/s/ Michael C. James Michael C. James	Director
November 14, 2012	/s/ Jonathan M. Niloff Jonathan M. Niloff	Director
November 14, 2012	/s/ Linda Rosenstock Linda Rosenstock	Director

EXHIBIT INDEX

Exhibit Number	**Description of Exhibits**
5.1	Opinion of Jones Day regarding validity.
23.1	Consent of UHY LLP.
23.2	Consent of Jones Day (included in Exhibit 5.1).
101.1	Interactive Data File.