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Submission Type: **10-Q**

Company Name: **BlastGard International, Inc.**

Job #: **58791**

Proof Date / Time: **11/14/2008 4:18 PM ET**

Authorized Signature: _____

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Document Name 2	exhibit312.htm
Document Type* 2	EX-31.2
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Document Name 3	exhibit321.htm
Document Type* 3	EX-32.1
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended: **September 30, 2008**

Or

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

For the transition period from: _____ to _____

BLASTGARD INTERNATIONAL, INC.

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

Colorado
(State or Other Jurisdiction
of Incorporation)

333-47924
(Commission
File Number)

84-1506325
(I.R.S. Employer
Identification No.)

2451 McMullen Booth Road, Suite 207, Clearwater, Florida 33759-1362
(Address of Principal Executive Office) (Zip Code)

(727) 592-9400
(Issuer's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of October 31, 2008, the issuer had 42,182,478 shares of \$.001 par value common stock outstanding.

BLASTGARD INTERNATIONAL, INC.**INDEX**

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

BLASTGARD INTERNATIONAL, INC.
CONDENSED BALANCE SHEET

	September 30, 2008 <u>(unaudited)</u>	December 31, 2007 <u></u>
Assets		
Current assets:		
Cash	\$ 35,735	\$ 1,384,979
Receivables:		
Trade, net	468,080	31,245
Inventory	79,225	121,223
Prepaid expenses	42,648	54,206
Total current assets	<u>625,688</u>	<u>1,591,653</u>
Property and equipment, net	2,355	5,297
Other assets:		
Intangible assets, net	18,592	772
Unamortized debt issue costs	—	56,530
Deferred costs	150,913	95,804
Deposits	1,096	—
	<u>\$ 798,644</u>	<u>\$ 1,750,056</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities on convertible notes payable, net of unamortized discount of \$0 and \$235,857 respectively	\$ 807,389	\$ 1,015,424
Accounts payable	173,501	28,766
Accrued interest	—	—
Due to officer	—	—
Total current liabilities	980,890	1,044,190
Derivative liability	—	34,000
Total liabilities	<u>980,890</u>	<u>1,078,190</u>
Commitments and contingencies	—	—
Shareholders' equity		
Preferred stock, \$.001 par value; 1,000 shares authorized, -0- shares issued and outstanding	—	—
Common stock, \$.001 par value; 100,000,000 shares authorized, 42,182,478 and 39,786,554 shares issued and outstanding respectively	42,182	39,786
Additional paid-in capital	11,887,490	11,644,633
Retained deficit	(12,111,918)	(11,012,553)
Total shareholder's equity	<u>(182,246)</u>	<u>671,866</u>
	<u>\$ 798,644</u>	<u>\$ 1,750,056</u>

See accompanying notes to condensed financial statements

BLASTGARD INTERNATIONAL, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Revenues:				
Sales	\$ 468,080	\$ 258,264	\$ 488,460	\$ 375,700
Cost of goods sold	400,672	222,099	410,956	321,718
Gross profit	<u>67,408</u>	<u>36,165</u>	<u>77,504</u>	<u>53,982</u>
Operating expenses:				
General and administrative	205,091	554,510	719,744	1,796,876
Research and development	8,136	25,149	131,352	41,335
Depreciation and amortization	733	6,378	3,800	20,125
Total operating expenses	<u>213,960</u>	<u>586,037</u>	<u>854,896</u>	<u>1,858,336</u>
Operating loss	(146,552)	(549,872)	(777,392)	(1,804,354)
Non-operating income/(expense):				
Loss on disposal of assets	—	194	—	(1,150)
Gain/(loss) on derivative liability (Note 6)	—	62,800	34,000	18,000
Interest income	1,173	27,709	10,006	49,839
Rental income	—	—	—	500
Bad debt expense	—	(140,000)	—	(140,000)
Interest expense (Notes 4 and 5):				
Amortized debt issue costs	—	(28,266)	(56,530)	(112,529)
Amortized debt discount	—	(224,493)	(235,856)	(730,688)
Other	(38,903)	(38,612)	(73,593)	(140,166)
Loss before income taxes	(184,282)	(890,540)	(1,099,365)	(2,860,548)
Income tax provision (Note 3)	—	—	—	—
Net loss	<u>\$ (184,282)</u>	<u>\$ (890,540)</u>	<u>\$ (1,099,365)</u>	<u>\$ (2,860,548)</u>
Basic and diluted loss per share	<u>\$ —</u>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	<u>\$ (0.09)</u>
Basic and diluted weighted average common shares outstanding	<u>40,771,101</u>	<u>36,770,138</u>	<u>40,123,384</u>	<u>30,441,281</u>

See accompanying notes to condensed financial statements

BLASTGARD INTERNATIONAL, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Year Ended December 31, 2007 and Nine Months Ended September 30, 2008

Description	Common Stock No. of Shares	Common Stock Par Value	Additional Paid in Capital	Prepaid Services for Stock	Retained Deficit	Total
Beginning Balance, 12/31/06	22,110,913	22,111	6,313,070	(223,958)	(7,185,365)	(1,074,142)
Vesting of stock options		—	372,068	—	—	372,068
Sales of stock	13,229,370	13,230	3,955,581	—	—	3,968,811
Offering costs	—	—	(491,648)	—	—	(491,648)
Inducement to waive rights	150,000	150	44,850	—	—	45,000
Conversion of debt	2,883,333	2,883	862,117	—	—	865,000
Board member compensation	90,000	90	44,910	—	—	45,000
Revaluation and partial cancelation of warrants	—	—	340,994	—	—	340,994
Issued additional stock for penalty	1,322,938	1,323	426,648	—	—	427,971
Amortization of consulting services for stock	—	—	(223,958)	223,958	—	—
2007 loss	—	—	—	—	(3,827,188)	(3,827,188)
						—
Balance 12/31/07	<u>39,786,554</u>	<u>\$ 39,787</u>	<u>\$ 11,644,632</u>	<u>\$ —</u>	<u>\$ (11,012,553)</u>	<u>\$ 671,866</u>
1st Qtr loss					(527,366)	(527,366)
Conversion of debt	269,587	270	29,730			30,000
2nd qtr loss					(387,717)	(387,717)
Conversion of debt	2,126,337	2,126	213,127			215,253
3rd qtr loss					(184,282)	(184,282)
						—
Balance, 12/31/08	<u>42,182,478</u>	<u>\$ 42,183</u>	<u>\$ 11,887,489</u>	<u>\$ —</u>	<u>\$ (12,111,918)</u>	<u>\$ (182,246)</u>

See accompanying notes to condensed financial statements

BLASTGARD INTERNATIONAL, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (1,099,365)	\$ (2,860,548)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	60,330	132,654
Stock paid for interest	49,716	—
Stock-based compensation	—	420,048
Discount on convertible notes payable	235,856	730,690
Gain/(loss) on derivative liability	(34,000)	(18,000)
Loss on disposal of assets	—	1,150
Changes in operating assets and liabilities:		
Accounts receivable	(436,835)	(204,087)
Inventory	41,998	162,732
Other operating assets	11,234	(60,822)
Accounts payable and accruals	144,735	(175,455)
Indebtedness to a related party	—	—
Net cash provided by (used) in operating activities	(1,026,331)	(1,871,638)
Cash flows from investing activities:		
Payments for deferred costs	(74,559)	(16,306)
Proceeds form sale of assets	—	2,040
Purchases of property and equipment	—	(746)
Net cash used in investing activities	(74,559)	(15,012)
Cash flow from financing activities:		
Proceeds from sale of common stock		3,968,810
Payments for offering costs		(491,648)
Proceeds from line of credit	80,000	—
Payments for debt principal	(328,354)	(251,022)
Net cash used in financing activities	(248,354)	3,226,140
Net change in cash	(1,349,244)	1,339,490
Cash, beginning of period	1,384,979	381,863
Cash, end of period	\$ 35,735	\$ 1,721,353
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 23,877	\$ 140,166
Income taxes	\$ —	\$ —

See accompanying notes to condensed financial statements

BLASTGARD INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

(1) Basis of Presentation

The Consolidated Balance Sheet as of September 30, 2008, the Consolidated Statement of Changes in Stockholders' Equity for the nine months ended September 30, 2008 and the Consolidated Statements of Operations for the three and nine months ended September 30, 2008 and 2007, and Cash Flows for the nine months ended September 30, 2008 and 2007 have been prepared by us without audit. In the opinion of Management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly in all material respects our financial position as of September 30, 2008 and results of operations for the three and nine months ended September 30, 2008 and 2007, and cash flows for the nine months ended September 30, 2008 and 2007. The results of operations and cash flows for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the full year.

This report should be read in conjunction with our Form 10-KSB for our fiscal year ended December 31, 2007.

On June 22, 2006, we borrowed the principal amount of \$1,200,000 (the "June 2006 Debt") from two non-affiliated persons (the "Lenders") due June 22, 2008. Pursuant to an agreement dated as of August 7, 2007 (the "August 2007 Agreement"), Robert F. Rose Investments and two other non-affiliated parties (collectively hereinafter referred to as the "Purchasers") entered into an agreement with the Lenders to purchase the June 2006 Debt, which transaction is personally guaranteed by Mr. Rose. Upon the completion of said transaction, the Purchasers had agreed to automatically convert their June 2006 Debt into shares of our Common Stock at \$.30 per share. To date, \$795,000 of the \$1,200,000 has been completed and converted into our Common Stock at \$.30 per share and \$50,000 in principal was paid back. Pursuant to an agreement dated as of September 21, 2007, the Purchasers agreed to assign the remaining \$355,000 to be purchased pursuant to the August 2007 Agreement to five non-affiliated persons (collectively hereinafter referred to as the "Assignees") and the Assignees deposited \$355,000 in escrow with Lenders' attorney, as Escrow Agent. Subsequently, the Assignees notified the Escrow Agent that it should not release the escrowed funds from escrow and demanded the return of their funds. Said \$355,000 is currently the subject of a legal dispute and such funds are being held in escrow by the Lenders' attorneys. Although there is a dispute as to the rights and obligations of the parties pursuant to the aforementioned agreements and the possible conversion of the June 2006 Debt into shares of our Common Stock, we had continued to make the quarterly interest payments on the June 2006 Debt so as to avoid any claim of default. However, on June 22, 2008, the June 22, 2006 debt became due and payable and no payment of principal or accrued interest thereon was made by us. It is management's position, although no assurance can be given in this regard, that we do not owe the lenders the \$355,000 and that we were obligated to deliver 1,183,333 shares of common stock to the assignees upon conversion thereof. Nevertheless, we have continued to include the principal of the June 2006 Debt (exclusive of interest after June 22, 2008) on our consolidated balance sheet in order to reflect the worse case scenario.

(2) Notes Payable

Convertible Promissory Notes

On December 2, 2004, the Company entered into agreements to borrow an aggregate principal amount of \$1,420,000 and to issue to the investors secured convertible notes and common stock purchase warrants. The Company's convertible promissory notes payable consist of the following at September 30, 2008:

\$1,000,000 convertible promissory note issued	
December 2, 2004, due on November 1, 2008,	
8% annual interest rate, net of unamortized	
Discount of \$0	\$ 300,331
\$200,000 convertible promissory note issued	
December 2, 2004, due on November 1, 2008,	
8% annual interest rate, net of unamortized	
Discount of \$0	—
\$100,000 convertible promissory note issued	
December 2, 2004, due on November 1, 2008,	
8% annual interest rate, net of unamortized	
Discount of \$0	34,650
\$100,000 convertible promissory note issued	
December 2, 2004, due on November 1, 2008,	
8% annual interest rate, net of unamortized	
Discount of \$0	30,481
\$20,000 convertible promissory note issued	
December 2, 2004, due on November 1, 2008,	
8% annual interest rate, net of unamortized	
Discount of \$0	6,927
	<u>372,389</u>
Less: current maturities	(372,389)
	<u>\$ —</u>

Each note carries a default interest rate of 15% per annum. Aggregate monthly payments of 1.2% of the principal amount were paid from November 1, 2005 through April 30, 2006, then aggregate monthly payments of 3% of the principal amount were originally payable from May 1, 2006 through October 31, 2006, and then aggregate monthly payments of 6% of the principal amount were originally payable commencing November 1, 2006 through October 31, 2007. However, as a result of the June 22, 2006 debt financing, the payment arrangements were modified. Monthly payments of interest only (8%) based on the principal amount were paid from June 1, 2006 through May 31, 2007, and then aggregate monthly payments of 6% of the principal amount were paid from June 1, 2007 through March 31, 2008. Accordingly, all accrued interest had been paid in full as of September 30, 2008. A Modification Agreement was entered into in March 2007 so that each Note became due and payable on March 20, 2008. Pursuant to a further Modification Agreement and a \$150,000 payment towards principal, the balance of the unpaid principal of the Notes and any unpaid interest thereon was due and payable on August 29, 2008. However, pursuant to a Revised and Amended Sixth Waiver and Modification Agreement dated as of September 16, 2008, the Senior Lenders received the payment of default interest calculated at the rate of 21% per annum (versus 8%) for the period April 1, 2008 through September 30, 2008 as consideration to extend the Maturity Date of the Notes to November 1, 2008. Commencing October 1, 2008 and thereafter, the interest rate shall revert to an amount equal to 8% per annum. In addition, the holders of the December 2004 Debt agreed to convert an aggregate of \$124,093.19 in principal and accrued interest therein at a conversion price of \$.10 per share. As of the filing date of this Form 10-Q, the Note holders have not made any formal demand for payment of their Notes which have not been paid.

The individual note holders have the right, at their option, to convert the principal amount of the note, together with all accrued interest thereon in accordance with the provisions of and upon satisfaction of the conditions contained in the note, into fully paid and non-assessable shares of the Company's common stock at a conversion price per share set forth below, subject to adjustment in certain circumstances if the notes are then outstanding, such as a stock split, combination or dividend; or in the event the Company issues shares of common stock for consideration of less than the exercise price. From March 20, 2008 through October 20, 2008, the Note holder may elect at any time to convert through the Maturity Date of the Notes and thereafter until the Notes are paid in full, the unpaid principal of the Notes and the accrued interest thereon at a 10% discount (15% discount if the average trading volume per day over the ten preceding trading days prior to a conversion date is 60,000 shares per day or less) to the fair market value of the Company's Common Stock. The fair market value of the Company's Common Stock is defined as the average of the closing sales price of the Company's Common Stock on the OTC Electronic Bulletin Board for the ten trading days preceding each respective conversion date of the Note(s). Notwithstanding anything contained herein to the contrary, the Notes shall not at any time be convertible at a conversion price below \$.10 per share (the "Floor Price") or above a ceiling price of \$.25 per share (the "Ceiling Price"). Since October 20, 2008, the conversion price is fixed at \$.10 per share pursuant to anti-dilution provisions of the Note.

The notes are secured by all of the Company's assets until the notes have been fully paid or fully converted into common stock.

Detachable common stock warrants issued with convertible promissory notes

The fair value of detachable warrants issued with the convertible notes was charged to additional paid-in capital with a corresponding discount on the convertible notes payable. The discount is amortized over the life of the debt. At September 30, 2008 there were 1,412,396 warrants outstanding and exercisable associated with this debt. These warrants were valued at \$244,174.

(3) Subordinated Convertible Notes Payable

On June 22, 2006, the Company entered into agreements to borrow an aggregate principal amount of \$1,200,000 and to issue to the investors' subordinated, convertible promissory notes and common stock purchase warrants. In April 2007, the Company lowered the exercise price on the conversion and the warrants and revalued warrants and the associated discount on the convertible debt. On August 8, 2007, one-half of the debt was acquired by unrelated parties. The new holders converted \$600,000 of the debt on August 8, 2007 and later an additional \$195,000 in September 2007 at \$.30 per share. The Company also paid \$50,000 to reduce the outstanding principal amount of the debt to \$355,000. All the holders agreed to unwind the changes made in April 2007 to reduce the number of warrants outstanding to previous levels and to reset the exercise price to amounts consistent with the other convertible debt and warrants. Also, the holders of the 2006 convertible debt agreed to cancel their "D" and "E" warrants.

The Company's subordinated, convertible promissory notes payable consist of the following at September 30, 2008:

\$600,000 subordinated, convertible promissory note	
issued June 22, 2006, due on June 22, 2008,	
8% annual interest rate, net of unamortized	
discount of \$0	\$ 355,000
	<u>355,000</u>
Less: current maturities	(355,000)
	<u>\$ —</u>

These notes are subordinated to the convertible promissory notes listed above, which are collateralized by all of the Company's assets until the notes have been fully paid or fully converted into common stock.

The individual note holders have the right, at their option, to convert the principal amount of the note into fully paid and non-assessable shares of the Company's common stock at a conversion price per share described below, subject to adjustment in certain circumstances if the notes are then outstanding, such as a stock split, combination or dividend; or in the event the Company issues shares of common stock for consideration of less than the exercise price. The convertible notes, which aggregate in principal \$355,000, are currently the subject of a legal dispute. The original holders of these notes agreed to sell these notes to third parties, which parties assigned a portion of these rights to five assignees. The third parties and their assignees agreed at each closing to convert their debt into BlastGard common stock at a fixed conversion price of \$.30 per share. The original owners of these notes and the third parties (but not the assignees) have entered into agreements with BlastGard such that in the event they are determined by a court of law or settlement agreement to be the owners of the notes, each note shall be convertible into common stock based upon the same formulas and conversion rights as those currently held by the holders of the December 2004 notes currently due August 29, 2008. In the event the assignees are determined to be the rightful owners of the notes due June 22, 2008, then these notes would continue to convert at a fixed conversion price of \$.30 per share. Subsequently the conversion price of \$.30 per share applicable to the original owners and third parties have been reduced to a fixed price of \$.10 per share.

Carrying value of subordinated, convertible notes payable

The conversion of the subordinated, convertible notes payable was fixed at \$.30 per share of the Company's common stock. Pursuant to SFAS 133, options embedded in contracts containing the price of a specific equity instrument are not clearly and closely related to an investment in an interest-bearing note and the embedded derivative must be separated from the host contract. At September 30, 2008, \$355,000 in principal of the subordinated convertible notes was still outstanding as were a portion of the warrants. See "Note 1." As a result, the Company has bifurcated the option resulting from the conversion feature and has classified it as a derivative liability pursuant to SFAS 133.

The following table presents the allocation of proceeds from the financing and the subsequent revaluation of the warrants and derivative liability.

Principal balance of the notes	\$ 1,200,000
Less debt discounts:	
Fair value of warrants (below)	(768,000)
Fair value of conversion option (below)	(432,000)
Plus amortization of discounts to December 31, 2007	552,490
Less the conversion of debt	(795,000)
Plus the revaluation of discount and conversion option	494,676
Current year-to-date amortization of discounts	152,834
Principle payment in current year	(50,000)
Carrying value at September 30, 2008	<u>\$ 355,000</u>

Detachable common stock warrants issued with subordinated convertible promissory notes

The warrants are detachable and are valued separately from the convertible notes payable. Therefore, the total fair value of the warrants, \$1,200,000, was charged to additional paid-in capital with a corresponding discount on the convertible notes payable. Changes to the value of the warrants are also charged to additional paid-in-capital and discount on convertible notes payable. The remaining discount was amortized over the life of the debt. At September 30, 2008 there were 2,266,666 warrants outstanding and exercisable associated with this debt. These warrants were valued at \$408,218.

Debt issue costs

The subordinated, convertible debt discounts and related debt issue costs have been fully amortized.

Derivative Financial Instrument

The Company generally does not use derivative instruments to hedge exposures to cash-flow risks or market-risks that may affect the fair values of its financial instruments. However, certain other financial instruments, such as embedded conversion features, where an embedded option in a debt security contains the price of a specific equity instrument, are bifurcated and are classified as derivative liabilities. Such financial instruments are initially recorded at fair value and subsequently adjusted to fair value at the close of each reporting period.

	Derivative Liability	Number of Shares In Which The Derivative Liability Can Be Settled
Embedded conversion feature, June 22, 2006	\$ 432,000	1,600,000
Embedded conversion feature, December 31, 2007	34,000	1,600,000
Embedded conversion feature, September 30, 2008	0	2,000,000
Current year to date change	<u>\$ (34,000)</u>	

The change on the derivative liability resulted in a gain of \$34,000 for the nine months ended September 30, 2008.

(4) Shareholders' Equity

Preferred stock

The Company is authorized to issue 1,000 shares of \$.001 par value preferred stock. The Company may divide and issue the Preferred Shares in series. Each Series, when issued, shall be designated to distinguish them from the shares of all other series. The relative rights and preferences of these series include preference of dividends, redemption terms and conditions, amount payable upon shares of voluntary or involuntary liquidation, terms and condition of conversion as well as voting powers.

Share-based payment

During the nine months ended September 30, 2008, the Company recognized \$0 in share based compensation from the prior issuance of stock options.

The following table represents stock option activity as of and for the nine months ended September 30, 2008:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Options Outstanding – December 31, 2007	8,060,750	\$.64	3.3 years	2,253,900
Granted	—			
Exercised	—			
Forfeited/expired/cancelled	(1,666,666)			
Options Outstanding – September 30, 2008	<u>6,394,084</u>	<u>\$ 0.88</u>	<u>3.1 years</u>	<u>1,935,900</u>
Outstanding Exercisable – December 31, 2007	3,560,750	\$ 0.88	3.0 years	
Outstanding Exercisable – September 30, 2008	3,560,750	\$ 0.88	3.1 years	1,425,900

(5) Line of Credit

During the nine months ended September 30, 2008, the Company borrowed \$80,000 against its \$100,000 credit line, which was secured by a personal guarantee of its Chief Financial Officer. The credit line was paid in full on October 17, 2008. Subsequently the Company borrowed another \$70,000 against the \$100,000 credit line.

(6) Income Taxes

The Company records its income taxes in accordance with Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes". The Company incurred net operating losses during all periods presented resulting in a deferred tax asset, which was fully allowed for; therefore, no income tax benefit or expense has been presented.

(7) Commitments and Contingencies

Office Lease

The Company entered into a new lease agreement in June 2007 for office space in Clearwater Florida. Rental payments under the lease are \$600 per month on a month to month basis. The Company also has sales office space in Orangeville, Ontario and pays \$1,200 per month on a month to month agreement. Rent expense for September 30, 2008 and 2007 were \$16,300 and \$21,450, respectively.

Litigation

Prisma Capital Markets, LLC

On May 25, 2004, the Company entered into an agreement with Prisma Capital Markets, LLC, appointing Prisma as an exclusive distributor of our products in Kuwait. Prisma also agreed to arrange

for, and pay the costs and expenses related to, the testing and demonstration of the Company's products in Kuwait, in exchange for 300,000 shares of the Company's restricted common stock. The Company also granted Prisma warrants entitling Prisma to purchase up to 4,401,720 shares of the Company's common stock at an exercise price of \$2.062 per share, which would be exercisable only upon Prisma's meeting various sales goals totaling \$30,000,000 in sales. In July 2004, the Company notified Prisma that the agreement was cancelled due to Prisma's failure to arrange for the testing of products in Kuwait, and demanded the return of the certificates representing the common stock and the warrants. In February 2006, the Company filed a lawsuit against Prisma in the Supreme Court of the State of New York, County of New York, for breach of contract, and demanded the return of the securities issued to Prisma and \$100,000 in actual damages. In February 2006, the Company was granted a motion for summary judgment in its favor. On July 6, 2006, the Company received a court order declaring the cancellation of the 300,000 shares.

Verde Partners Family Limited Partnership

The Company was served with a lawsuit that was filed on September 12, 2005 in the Second Judicial District Court in Washoe County, Nevada as case number CV-05-02072. The plaintiff in the lawsuit is Verde Partners Family Limited Partnership ("Verde"). The lawsuit makes a variety of claims and contends that the Company and certain officers of the Company misappropriated certain technology, including two patents, and seeks damages "in excess of \$10,000". The action was removed to federal court in Nevada. A motion was pending to have the case dismissed as to Blastgard International, Inc., and all other defendants, for lack of personal jurisdiction. There was also a motion pending for a more definite statement in that three of the claims by Verde are conclusory, vague and ambiguous.

On July 14, 2006, the United States District Court rendered its decision in this case. It was ordered and adjudged that the motion to dismiss the individual defendants and the motion to dismiss the BlastGard defendants was granted. Defendants' motion for a more definite statement is moot. The Court entered judgment on July 17, 2007 in favor of all Defendants and against the Plaintiff. The Plaintiff had 30 days from the date of the judgment (July 17) to file a notice of appeal. No notice was filed.

On July 19, 2006, we filed a lawsuit in the Circuit Court of the Sixth Judicial Circuit in Pinellas County, Florida. The Defendants in the lawsuit are Sam Gettle, Guy Gettle and Verde Partners Family Limited Partnership ("Verde"). The lawsuit contends that the Defendants have committed defamatory acts against BlastGard International and its products. The lawsuit also asks for a declaration that BlastGard International is not liable for the acts complained of in the Nevada action. On BlastGard's affirmative claims for defamation, the Florida action seeks injunctive relief and damages in excess of \$15,000, exclusive of attorney's fees and costs. Verde counter claimed in the lawsuit alleging the same bad acts complained of in the Nevada action. The counterclaim seeks an award of unspecified damages and injunctive relief. The Company has continued its plaintiff position in the lawsuit and to vigorously defend itself against the allegations claimed in the defendant's counterclaim. Management does not possess enough information to estimate the possible outcomes associated with this case and as of September 30, 2008 there has been no significant progress on the lawsuit to report. However, on October 15, 2008, Blastgard International, Inc. brought a declaratory judgment action against The Verde Partners Limited Partnership a/k/a Verde Partners Family Limited Partnership in the U.S. District Court for the Middle District of Florida seeking a declaration of non-infringement of 2 patents to which Verde claims an interest.

(8) Subsequent events***Extension of Terms and Revaluation of Warrants.***

On October 17, 2008, the Board of Directors agreed to extend the expiration date for an additional 92 days of certain unclassified warrants to purchase 9,264,970 shares that would otherwise have expired at the close of business on October 20, 2008. These warrants which were exercisable at \$.45 per share will now be exercisable at a reduced exercise price of \$.10 per share through the close of business on January 20, 2009.

As a result of the Board's action in the preceding paragraph, the anti-dilution provisions of all other outstanding warrants will result in the reduction of the exercise price of our outstanding Class A, Class C, Class D, Class E and Class F Warrants to an exercise price of \$.10 per share. In the case of the Class C, D, E and F Warrants, it will also cause there to be an increase in the number of shares purchasable there under. As a result of the Board's actions, the total number of Class A warrants for the holders of the December 2004 Debt remained at 473,336 but the exercise price was reduced from \$.45 to \$.10 per share; and the total number of Class F warrants for the holders of the December 2004 Debt increased from 666,667 to 3,333,335 and the exercise price was reduced from \$.50 to \$.10 per share. No assurances can be given that any warrants will be exercised.

The fair value for the warrants was estimated at the date of revaluation using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate	4.009%
Dividend yield	0.00%
Volatility factor	187.85%
Weighted average expected life	0.56 – 1.84 years

The number of warrants outstanding, the associated exercise price and value after the revaluation was as follows:

Description	Number Issued	Exercise Price	Fair Value
Class "A" warrants	556,170	\$ 0.10	\$ 10,680
Class "C" warrants	5,498,999	0.10	154,154
Class "D" warrants	324,000	0.10	9,083
Class "E" warrants	162,000	0.10	4,541
Class "F" warrants	8,964,285	0.10	251,296
Undefined warrants	<u>9,414,970</u>	\$ 0.10	<u>134,132</u>
	24,920,424	Total	\$ 563,886

Item 2. Management's Plan of Operation

Statements contained herein that are not historical facts are forward-looking statements as that term is defined by the Private Securities Litigation Reform Act of 1995. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, the forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those projected. The Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance and those actual results may differ materially from those in the forward-looking statements. Such risks and uncertainties include, without limitation: well-established competitors who have substantially greater financial resources and longer operating histories, regulatory delays or denials, ability to compete as a start-up company in a highly competitive market, and access to sources of capital.

The following discussion should be read in conjunction with the Company's financial statements and notes thereto included elsewhere in this Form 10-Q. Except for the historical information contained herein, the discussion in this Form 10-Q contains certain forward looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, expectations and intentions. The cautionary statements made in this Form 10-Q should be read as being applicable to all related forward-looking statements wherever they appear herein. The Company's actual results could differ materially from those discussed here.

The financial information furnished herein has not been audited by an independent accountant; however, in the opinion of management, all adjustments (only consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the period ended September 30, 2008, have been included.

Reorganization with BlastGard Technologies, Inc.

On January 31, 2004, pursuant to an Agreement and Plan of Reorganization, we acquired 100% of the issued and outstanding common stock of BlastGard Technologies, Inc., a Florida corporation, from BlastGard Technologies' shareholders, in exchange for an aggregate of 18,200,000 (adjusted to reflect subsequent stock split) shares of our common stock. BTI is a development stage company that was created to develop, design, manufacture, and market proprietary blast mitigation materials. BlastGard Technologies' patent-pending BlastWrap[®] technology is designed to effectively mitigate blasts and suppress fires resulting from explosions. As a result of the Reorganization Agreement, a change in control and change in management of the Company occurred and BTI became a wholly-owned subsidiary of the Company. The Reorganization Agreement also provided that the Company hold a shareholders meeting to (i) change the name of the corporation to BlastGard[®] International, Inc., and (ii) approve a reverse split of the outstanding common stock on a 5:1 basis. A Special Shareholder meeting was held on March 12, 2004, and both proposals were approved. The name change and the reverse split of the outstanding common stock became effective on March 31, 2004.

We intend to focus exclusively on the business plan of BlastGard Technologies. BlastGard Technologies was formed on September 26, 2003, and was a development stage company. BTI acquired its only significant asset, a patent application for BlastWrap[®], in January 2004, from co-inventors John L. Waddell, Jr., our Chief Operating Officer, and President, and James F. Gordon, our Chief Executive Officer, who assigned the patent to BlastGard Technologies in consideration of the consummation of the Reorganization Agreement. For accounting purposes, we assigned no monetary value to the patent application that was assigned to BlastGard Technologies. Our current management team, which was the management team of BlastGard Technologies prior to the reorganization, had operated a corporation called BlastGard, Inc., which was dissolved in 2004. BlastGard, Inc. had a license from a third-party to certain technology which is different from the technology owned by BlastGard Technologies.

Pursuant to the Reorganization Agreement, BlastGard Technologies became a wholly-owned subsidiary of our company. However, for accounting purposes, the acquisition was treated as a recapitalization of BlastGard Technologies, with our company the legal surviving entity.

Results of Operations

Since emerging from our development stage operations in 2005, our BlastGard MTR blast mitigated trash receptacles have been sold to government service advantage ("GSA") clients located in the United States. We received orders for MTRs from AmTrak, the U.S. Holocaust Memorial Museum, GSA for Federal Buildings, NYC Transit, major airport and for BlastWrap® from the Naval Weapons Station Earle, Sandia National Labs, and several domestic and international entities. For the quarter ended September 30, 2008, we recognized sales of \$468,080 and a gross profit of \$67,408. For the three months ended September 30, 2007, we recognized sales of \$258,264 and a gross profit of \$36,165.

For the quarter ended September 30, 2008, our overall operating and non operating expenses, including interest expense and gain on derivative liability, dropped significantly from the prior year due to a reduction in stock based compensation expenses of \$0.00 for the nine months ended September 30, 2008 compared to \$420,048 for the nine months ended September 30, 2007. During this time period, officers' salaries were also reduced by \$131,742 and \$386,719 for the three and nine months ended September 30, 2008 over the comparable period of the prior year.

Our net loss for the quarter ended September 30, 2008 was \$(184,282) as compared to \$(890,540) for the comparable period of the prior year. Our net loss for the nine months ended September 30, 2008 was \$(1,099,365) as compared to \$(2,860,548) for the comparable period of the prior year. The decreases in net loss are due to a decrease in operating and non-operating expenses.

BlastGard's products are currently being tested (or have recently been tested) and evaluated by many military and defense contractors and commercial companies in the United States and abroad as described under Business Prospects. As we experience anticipated growth and expansion of our operations, we will experience an increase in operating expenses and costs of doing business.

Business Prospects

On July 17, 2008 BlastGard announced receipt of a formal purchase agreement for 156 BlastGard MTR blast mitigated receptacles valued at approximately \$700,000 for a major United States airport. BlastGard's blast mitigating receptacles will be installed throughout the facility and this very important transaction has opened the door to the Airport Security market for our Blast Mitigating Receptacles. Receptacles, which are a necessity for waste management, pose a serious threat to public safety considering how easily they can conceal an explosive device. The installation of these blast mitigating receptacles is another step toward USA airport's emphasis on safety, reliability, enhanced cleanliness and improved customer service. The balance of this order was delivered in late October 2008.

On September 22, 2008 BlastGard announced an agreement with U. S. Explosive Storage to provide them with BlastWrap for insensitive munitions packaging of ammunition storage, ordnance storage, pyrotechnics storage, and other explosive materials storage, utilized, among other things, for military, governmental, and commercial use. BlastGard and U.S. Explosive are joining forces to create storage and transportation boxes that will prevent sympathetic detonation through BlastWrap's unique proprietary technology. Testing is scheduled in December 2008. We will be installing BlastWrap inside storage boxes and inside the magazines. U.S. Explosives is forecasting sales of \$5-6 million in year one and approximately \$8 million in year two. The BlastWrap component in the new product line represents approximately \$1.8 million in year one and \$2.4 million in year two.

Various Product Lines Identified For BlastWrap® - We have Several Completed and Finished Products

We are currently manufacturing our core product, BlastWrap®, for sale in various forms to non-affiliated third-parties. The primary application for BlastWrap® is as an intermediate good for numerous civilian and military applications and uses.

Our technology is being customized for specific industries and applications. We have examined the various markets where explosions occur, selected targeted applications and focused on development of products for those businesses and agencies at risk. While designing finished products engineered with BlastWrap®, we have taken into account that some products must be portable, while others will remain at a fixed location. Some products have been designed to contain identified explosive agents, while others are designed to mitigate unidentified explosive threats.

With these standards in mind, we have developed or are developing the following product lines to address the needs of customers and targeted markets:

- Mitigated Bomb Receptacles and MBR Gard Cart;
- Blast Mitigated Unit Load Device (“BMULD”) – LD3 Container;
- Lining – Aircraft;
- Insensitive Munitions (IM) Weapons Container;
- Mitigated Trash Receptacle; and
- BlastGard Barrier System (“BBS”).

MBR 300 and MBR Gard Cart

The BlastGard Mitigated-Bomb Receptacle (MBR 300) is intended to provide airport security personnel with an effective tool, if and when an explosive is discovered. The MBR 300 will dramatically contain and protect against all lethal threats posed by the detonation of an IED; namely, primary fragments, secondary fragments, mechanical effects (shock/blast pressure) and thermal effects (contact and radiation burn) from the fireball, after burn and resultant post-blast fires. If a suspect package or bomb is discovered, the airports will use the MBR 300 as a safe means of securing that package until the bomb squad arrives, or remove the suspicious device from the area, allowing airport operations to continue.

The BlastGard® MBR Gard Cart (Mobile Suspect Package Removal Unit), which houses BlastGard’s MBR 300, provides security personnel with an effective tool for safe removal of an explosive device *after it is discovered*. The MBR Gard Cart contains and protects against all lethal threats posed by the detonation of an improvised explosive device (IED) and also provides rapid removal of the threat using a Mobile Removal Unit Cart. When a suspect package or device is discovered, the airports now have a safe means of securing that package and removing it from public exposure until the bomb squad arrives. In this way, the MBR Gard Cart can help prevent long airport facility shut-down times presently experienced when a suspect package is discovered. The United States Transportation Security Administration has worked hard to secure U.S. airports against a range of threats that includes attacks against both aircraft and ground facilities. The largest and most visible investment made by the agency has been in enhancing the passenger screener force and in massively expanding the number of explosive detection systems (EDS) required to examine checked luggage for bombs. Effective security, therefore, includes not only deterrent and preventive measures but also efforts to mitigate casualties, damage, and disruption. Since deterrence and prevention are sometimes difficult to achieve given the nature of terrorism and the inherent vulnerabilities of public transportation, great emphasis is also placed upon the mitigation of casualties through design of facilities and upon effective, rapid response that ensures safety while minimizing disruption. We believe that the MBR 300 is an ideal incident / security management technology for airports when dealing with bomb threats and suspicious objects or packages, especially in passenger carryon baggage.

Twin-Aisle (containerized) Aircraft – Blast Mitigated Unit Load Devices (BMULDs)

LD3 Cargo Containers are used primarily on twin aisle/wide body aircraft such as the B747. These luggage or cargo containers are manufactured by a few well-established companies throughout the world. The market is extremely competitive with low margins. In accordance with an agreement with Nordisk Aviation Products, we have combined our BlastWrap® blast-mitigating technology with Nordisk’s LD3 containers to create superior blast mitigating products for the air cargo and unit loading device (ULD) market called BlastGard BMULD. ULDs are pallets and containers used to load luggage, freight, and mail onto wide-body aircraft that facilitate the bundling of cargo into large units. The alliance has developed a new line of ULDs that include BlastWrap®. The introduction of this product line enables us to provide the airline industry an important new line of defense to increase airline safety of passengers and crewmembers. This revolutionary new container design incorporating BlastWrap® will prevent shock holing of the fuselage, effectively retaining the structural integrity of the aircraft; prevent post-blast fires and conflagration in the hold; and add little or only negligible weight to the ULD.

Lining – Single-Aisle (non-containerized) Aircraft

Working in conjunction with aircraft and shipping manufacturers, we are designing products and component assemblies to be used in the cargo holds of single-aisle aircraft. Due to the heightened security surrounding aircraft safety, we are diligently working to demonstrate the effectiveness of our product on this large sector which is estimated at about 70% of the commercial fleet.

Insensitive Munitions (IM) Weapons Containers

Weapons containers require specialty design. We have developed several of these containers for evaluation and testing by the United States, United Kingdom and other military clients. Although we do not have a development or supply contract with any military agencies at this time, we anticipate important prototype testing of these designs will ensue in 2009 with our strategic partner Lancer Systems and with the National Warheads and Energetics Consortium (NVEC) / Defense Ordnance Technology Consortium (DOTC). This product line will have numerous versions for military weapons including bombs, rockets, medium and large caliber ammunition and missiles. In addition, in September 2008, we announced an agreement with U. S. Explosive Storage to provide them with BlastWrap for insensitive munitions packaging of ammunition storage, ordnance storage, pyrotechnics storage, and other explosive materials storage, utilized, among other things, for military, governmental, and commercial use. Prototype testing is planned to begin in the 4th quarter of 2008. We will be installing BlastWrap inside storage boxes and inside the magazines. U.S. Explosives is forecasting sales of \$5-6 million in year one and approximately \$8 million in year two. The BlastWrap component in the new product line represents approximately \$1.8 million in year one and 2.4 million in year two with ever increasing sales on a year over year basis.

Trash Receptacles

We have four models of mitigated trash receptacles, the BlastGard[®] MTR 81, MTR 91, MTR 96 and MTR 101. These containers have been designed and proof tested to drastically mitigate blast pressures and thermal output and to capture bomb fragments.

Vehicle Improvised Explosive Devices and Mine Protection

Military vehicles (such as MRAPs, HMMWVs, HEMMT, M915 and FMTV) are or can be “up-armored” for improvised explosive devices and land mine protection. BlastGard[®] and Colt Rapid Mat LLC have developed and are now offering a new product called BATS. These specialty Colt Rapid Mat fiberglass-cased BlastWrap[®] products are easy to retro-fit to armored vehicles to provide protection for occupants from blast thermal output and head, neck and spine injuries from blast pressures. Initial durability testing of BATS by the Nevada Automotive Test Center (NATC) for the Office of Naval Research has been concluded successfully. Further testing awaits selection and funding by NATC/ONR for blast testing. An important additional partner in these vehicle applications is Cellular Materials International, Inc. which has a periodic cellular material shown to be effective in managing the heavy G-loads typical of under-vehicle blast threats.

BlastGard Barrier System (“BBS”) High-Capacity Wall System for Perimeter and Structure Protection

The BBS product is an innovative combination of three patented technologies, an HDPE cellular core, **BlastWrap[®]** and an aesthetically pleasing novel fascia system. BBS has extraordinary blast, ballistic, fragment, shaped charge jet and breaching resistance capabilities and it is beautiful, low cost, configurable and “stealthy”. The cellular core material, patented by the U.S. Army, has been used extensively by the U.S. military and commercial clients worldwide for building roads, for shoring up unstable roads, for extensive soil stabilization projects and for revetments and barriers. After the core is placed and filled, **BlastWrap[®]** is attached to the “threat side(s)” of the **BBS** structure, and finally, the fascia system encloses the entire structure, thereby creating an effective “stealth” characteristic for the entire BBS structure that is, the extreme capabilities of this system are not at all visually apparent. Clients with concerns about heavy blast, breaching, ballistic, fragment and shaped charge jet threats to their facilities can now effectively address all of those threats with our economical solution. Optional electronic security capabilities can also be integrated into the system.

In summary, we have developed either finished products or working prototypes of BlastWrap® products for each of the product lines described above. All of these products have been successfully tested and evaluated in-house, by third-parties and by interested clients and strategic partners. Prototypes may require further modifications based on the test results and client and partner feed-back. However, we have the following products that are completed and finished products, available for sale that we are currently manufacturing and marketing:

- The core product, BlastWrap®;
- BlastGard® MTR (mitigated trash receptacle);
- BlastGard MBR 300 (mitigated bomb receptacle) and MBR Gard Cart;
- BMULD (Blast Mitigated Unit Load Device - LD3 Container); and
- BlastGard Barrier System (“BBS”) high-capacity wall system for perimeter and structure protection.

Liquidity and Capital Resources.

At September 30, 2008, we had cash of \$35,735, working capital of \$(355,202), an accumulated deficit of \$(12,111,918) and shareholder equity of \$(182,246).

For the nine months ended September 30, 2008, net cash used in operating activities was \$(1,026,331) primarily due to our net loss of \$(1,099,365), partially offset by a \$235,856 discount on convertible notes payable. During the nine months ended September 30, 2008, we used cash in investing activities for payment of deferred costs of \$(74,559). During the nine months ended September 30, 2008, we used \$(328,354) for principal payments on long-term debt and received \$80,000 from our credit line. For the nine months ended September 30, 2007, net cash used in operating activities was \$1,871,638 primarily due to our net loss of \$2,860,548. During the nine months ended September 30, 2007, we used cash in investing activities to purchase property and equipment of \$746 and for payment of deferred costs of \$16,306 and received \$2,040 from the sale of assets. During the nine months ended September 30 2007, net cash was provided by financing activities due to debt proceeds totaling \$3,968,810, offset by debt issue costs of \$(491,648) and principal payments on convertible debt of \$(251,022).

We anticipate that our future liquidity requirements will arise from the need to finance our accounts receivable and inventories, and from the need to fund our growth from operations, current debt obligations and capital expenditures. The primary sources of funding for such requirements are expected to be cash generated from operations and raising additional capital from the sale of equity and/or debt securities. However, we can provide no assurances that we will be able to generate sufficient cash flow from operations and/or obtain additional financing on terms satisfactory to us, if at all, to remain a going concern. In this respect, see “Note 1 – Going Concern” in our financial statements for additional information as to the possibility that we may not be able to continue as a “going concern.”

At September 30, 2008, we had cash of \$35,735. As of October 28, 2008, we had cash of approximately \$46,997 and we owed approximately \$372,389 in principal and \$0 in accrued interest to the holders of our December 2004 Debt. As described below, we recently paid down the December 2004 Debt by \$150,000 in addition to several partial conversions and received an extension from the holders of the December 2004 Debt to make payment in full on or before November 1, 2008. These note holders have not made any formal demand for payment as these notes are now past due as of the filing date of this Form 10-Q.

In regards to the June 2006 Debt, we filed a Form 8-K on July 2, 2008. On June 22, 2006, we borrowed the principal amount of \$1,200,000 (the “June 2006 Debt”) from two non-affiliated persons (the “Lenders”) due June 22, 2008. Pursuant to an agreement dated as of August 7, 2007 (the “August 2007 Agreement”), Robert F. Rose Investments and two other non-affiliated parties (collectively hereinafter referred to as the “Purchasers”) entered into an agreement with the Lenders to purchase the June 2006 Debt, which transaction is personally guaranteed by Mr. Rose. Upon the completion of said transaction, the Purchasers had agreed to automatically convert their June 2006 Debt into shares of our Common Stock at \$.30 per share. To date, \$795,000 of the \$1,200,000 has been completed and converted into our Common Stock at \$.30 per share and \$50,000 in principal was paid back. Pursuant to an agreement dated as of September 21, 2007, the Purchasers agreed to assign the remaining \$355,000 to be purchased pursuant to the August 2007 Agreement to five non-affiliated persons (collectively hereinafter referred to as the “Assignees”) and the Assignees deposited \$355,000 in escrow with

Lenders' attorney, as Escrow Agent. Subsequently, the Assignees notified the Escrow Agent that it should not release the escrowed funds from escrow and demanded the return of their funds. Said \$355,000 is currently the subject of a legal dispute and such funds are being held in escrow by the Lenders' attorneys. Although there is a dispute as to the rights and obligations of the parties pursuant to the aforementioned agreements and the possible conversion of the June 2006 Debt into shares of our Common Stock, we had continued to make the quarterly interest payments on the June 2006 Debt so as to avoid any claim of default. However, on June 22, 2008, the June 22, 2006 debt became due and payable and no payment of principal or accrued interest thereon was made by us. It is management's position, although no assurance can be given in this regard, that we do not owe the lenders the \$355,000 and that we were obligated to deliver 1,183,333 shares of common stock to the assignees upon conversion thereof. Nevertheless, we have continued to include the principal of the June 2006 Debt (exclusive of interest after June 22, 2008) on our consolidated balance sheet in order to reflect the worse case scenario. See "Note 1" and "Recent Developments."

We estimate that we will require at least an additional \$1,500,000 in additional financing and cash flow from operations to support our operations and to meet our debt obligations as they become due and payable over the next 15 months of operations. We can provide no assurances that cash generated from operations will occur or additional financing will be obtained on terms satisfactory to us, if at all, or that additional debt conversions will occur.

To date, we have relied on management's ability to raise capital through equity private placement financings to fund our operations. We anticipate that our future liquidity requirements will arise from the need to finance our accounts receivable and inventories, and from the need to fund our growth from operations, current debt obligations and capital expenditures. The primary sources of funding for such requirements are expected to be cash generated from operations and raising additional capital from the sale of equity and/or debt securities.

Recent Developments

The December 2004 Debt became due and payable on August 29, 2008. However, pursuant to a Revised and Amended Sixth Waiver and Modification Agreement dated as of September 16, 2008, the Senior Lenders received the payment of default interest calculated at the rate of 21% per annum (versus 8%) for the period April 1, 2008 through September 30, 2008 as consideration to extend the Maturity Date of the Notes to November 1, 2008. Commencing October 1, 2008 and thereafter, the interest rate shall revert to an amount equal to 8% per annum. In addition, the holders of the December 2004 Debt agreed to convert an aggregate of \$124,093.19 in principal and accrued interest therein at a conversion price of \$.10 per share.

On October 17, 2008, the Board of Directors agreed to extend the expiration date for an additional 92 days of privately placed warrants to purchase 9,264,970 shares that would otherwise have expired at the close of business on October 20, 2008. These warrants which were exercisable at \$.45 per share will now be exercisable at a reduced exercise price of \$.10 per share through the close of business on January 20, 2009. All shares issuable upon exercise of the warrants would contain an appropriate restrictive legend.

As a result of the Board's action in the preceding paragraph, the anti-dilution provisions of all other outstanding warrants will result in the reduction of the exercise price of our outstanding Class A, Class C, Class D, Class E and Class F Warrants to an exercise price of \$.10 per share and the reduction of the conversion price of the December 2004 debt to \$.10 per share. In the case of the Class C, D, E and F Warrants, it will also cause there to be an increase in the number of shares purchasable thereunder. As a result of the Board's actions, if all outstanding warrants at \$.10 per share were exercised, of which there can be no assurances, the Company would receive up to \$2,477,042 from the issuance and sale of 24,770,424 shares of Common Stock. We can provide no assurances that any warrants will be exercised.

Of the 9,264,970 warrants, the Company previously registered the resale of 7,832,326 shares of common stock issuable upon exercise of these warrants. The registration statement, which was effective on January 7, 2008, is now stale. In the event any of the Company's outstanding warrants are exercised, the resale of these shares would be saleable under the provisions of Rule 144.

The Board of Directors also agreed to reduce the exercise price on all the options (which varied in exercise prices from \$.45 to \$2.00 per share) to \$.10 per share for all options granted to active consultants, legal, board members and management.

A major U.S. airport has ordered 156 BlastGard MTR Blast Mitigated Receptacles, which order would result in gross revenues to the Company of over \$700,000. As of October 31, 2008, the Company has an accounts receivable balance of \$381,600 that it is awaiting payment from a major U.S. airport from the sale of its Blast Mitigating trash receptacles. All payments are expected to be received prior to December 15, 2008. The Company currently has limited cash reserves. The Company is highly dependent upon the receipt of its accounts receivable, additional sales orders and additional financing to remain a going concern.

On October 17, 2008, in order to reduce the Company's monthly expenses, the Board and its Chief Executive Officer, Andrew McKinnon, agreed to pay Mr. McKinnon his monthly salary, effective December 1, 2008, pursuant to his employment contract in BlastGard common stock based on a 15% discount to the fair market value of the Company's Common Stock based on the ten preceding trading days prior to the conversion date. The fair market value of the Company's Common Stock is defined as the average of the closing sales price of the Company's Common Stock on the OTC Electronic Bulletin Board for the ten trading days preceding the last day of each month (conversion date of the monthly salary). The salary conversion shall not at any time be convertible at a conversion price below \$.10 per share (the "Floor Price").

Since April 2008, our monthly cash needs were budgeted to average approximately \$80,000 per month. With the elimination of the CEO salary, effective December 2008, our monthly cash needs are based on the following approximate breakdown:

salaries and benefits:	\$	26,000
professional fees		14,000
office overhead		3,000
Travel		9,000
research and development		5,000
Miscellaneous		5,000
Total	\$	<u>62,000</u>

2007 Private Placement and Related Agreements

Between April 20, 2007 and May 4, 2007, the Company completed two concurrent Offerings and raised a total of \$3,968,310 as described below.

The Company sold 11,529,368 units, each unit consisting of one share of its unregistered Common Stock at \$.30 per share and one-half warrant, with a full warrant exercisable at \$.45 per share in an offshore offering to non-US Persons through D & D Securities Company, its placement agent. The offering raised \$3,458,810 in gross proceeds through the issuance of 11,529,368 shares and 5,764,684 warrants. In addition, the Company issued broker warrants to purchase 1,322,937 units. Exemption from registration is claimed under Regulation S of the Securities Act of 1933, as amended.

The Company also sold 1,700,000 shares of its unregistered Common Stock at \$.30 per share and issued 850,000 warrants exercisable at \$.45 per share, pursuant to a Regulation D offering. The offering raised \$510,000 in gross proceeds. Exemption from registration is claimed under Rule 506 of Regulation D promulgated under Section 4(2) of the Securities Act of 1933, as amended. All of the aforementioned securities have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The securities sold pursuant to its concurrent plans of financing contain certain registration rights and penalty warrants for failure to meet certain registration or trading conditions by October 15, 2007. Since the Company did not register these securities or have them listed on one of two Canadian Exchanges by October 15, 2007, the Company issued to each investor an additional 10% in shares of Common Stock and an additional 10% Warrants on what they purchased in the 2007 Private Placement.

In March 2007, we entered into a new Waiver and Modification Agreement with the holders of the December 2004 Debt. Pursuant to said agreement, they waived their right of first refusal to participate in our recently completed financing. Further, the holders of the December 2004 Debt agreed to extend the maturity date of their notes to March 20, 2008 and to refrain for a period of ten months from March 20, 2007 from taking any action to foreclose on its security interest unless the holders, in their sole discretion, determined that the securities are in danger of being compromised. The holders of the December 2004 Debt also agreed to reduce the exercise price and call price of their Class F Warrants to \$.50 per share and \$.73 per share, respectively, and to waive any increase in the number of warrant shares that would otherwise be called for pursuant to the Class F Warrants. In addition, such holders agreed with us to lower the exercise price of their Class A and Class B Warrants to \$.45 per share (and the conversion price of their notes to \$.30 per share). The new Waiver and Modification Agreement became effective on April 20, 2007. Source Capital Group and its related persons, each of whom own Class C, Class D, Class E and Class F Warrants agreed to modify the exercise price of each series of Warrants to \$.45 per share, the Class F Warrants to \$.50 per share with a call price of \$.73 per share and to waive any increase in the number of warrant shares that would otherwise be called for pursuant to each class of Warrants. Source Capital also waived its rights of first refusal in connection with our recently completed 2007 financing.

In April 2007, the holders of the June 2006 Debt agreed to waive their right of first refusal in connection with our recently completed offerings in exchange for 150,000 restricted shares of Common Stock with "piggyback" registration rights contemporaneously with their entering into the April 2007 Agreement. As a result of the financing above, the conversion price of the June 2006 debt and the exercise price of C, D, E and F warrants held by the holders of the 2006 debt were adjusted to \$.30 per share and the number of warrants were adjusted from 1,200,000 for Class C & D, 600,000 for Class E and 1,066,666 for Class F to 4,000,000 for Class C & E, 6,000,000 for Class D and 2,666,667 for Class F. The increase in the number of warrants was in an inverse relation to the decrease in the exercise price. Pursuant to an agreement dated August 7, 2007, the holders of the June 2007 Debt agreed to retroactively cancel the increase in the number of warrant shares effective April 20, 2007 and to adjust the exercise prices of the Class C, Class D, Class E and Class F Warrants to \$.45, \$.45, \$.45 and \$.50 per share, respectively, and to adjust the call price of the Class F Warrants to \$.73 per share. Effective August 7, 2007, the holders of the June 2007 Debt also agreed to cancel all of their Class D and Class E Warrants, thereby reducing the number of Warrants held by them to 1,200,000 Class C Warrants and 1,066,666 Class F Warrants. On the same date, the holder of June 2006 Debt entered into agreements which had the following affect:

- to sell their Class C and Class F Warrants and June 2006 Debt to certain non-affiliated parties;
- to terminate Andrew McKinnon's (currently BlastGard's Chief Executive Officer) prior obligation to purchase the aforementioned securities; and
- to have a first closing occur on August 8, 2008 as to one-half the securities and a second closing to occur no later than September 22, 2007. The purchasers of the June 2006 Debt agreed to convert their Debentures into shares of our Common Stock at \$.30 per share effective at each closing. As of June 30, 2008, closings have occurred on two-thirds of the securities subject to contract, and the outstanding June 2006 Debt has been otherwise reduced to a principal amount of approximately \$355,000. See "Note 1,"

Other Recent Financings

For a discussion of "Other Recent Financings," see "Item 6" of our Form 10-KSB for the first year ended December 31, 2007.

Registration Statements

Our recent debt and equity financings are described above. We have in the past and currently relied principally on external financing to maintain our company as a going concern. All of our assets have been used as collateral to secure our indebtedness. Among the many risks of our business and an investment in our company, is the possibility that we will not be able to meet our obligations as they come due and remain as a going concern. We have also agreed to file a registration statement to register for resale by the holders of the June 2006 debt, the number of shares of common stock issuable to them upon conversion of their notes and exercise of their warrants (the obligation to the holders of the June 2006 Debt are collectively referred to as the "Registrable Securities"), as

well as to register for resale by Source Capital (and its transferees) and the holders of the December 2004 debt, the shares of common stock issuable upon exercise of their warrants. In September 2006, we obtained an effective registration statement pertaining to (i) a portion of the Registrable Securities, including the (x) shares of common stock issuable upon conversion of the June 2006 Debt based upon a conversion price of \$.75 per share and (y) warrant shares underlying the (x) Class C and Class F Warrants held by the holders of the June 2006 Debt and (ii) all shares of common stock issuable upon exercise of the warrants held by Source Capital (and its transferees). In September 2006, an amended agreement was entered into by and among the Company and the holders of the June 2006 Debt. This amendment requires us to register with the SEC the resale of the shares of common stock issuable upon exercise of the Class D and Class E Warrants and an additional 30% of the original Registrable Securities (as defined) upon receipt, in writing, of a written demand from such persons holding at least 51% of the outstanding Registrable Securities. To date, no such written demand has been received by us. Our original Registration Rights Agreement with the holders of the 2006 Debt (except as otherwise amended) requires us to maintain an effective Registration Statement pertaining to all Registrable Securities until all Registrable Securities covered by such Registration Statement have been sold, or may be sold, without volume restriction pursuant to Rule 144(k) (the "Effectiveness Period"). If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 90% of the number of shares of Common Stock then registered in a Registration Statement, then we are required to file as soon as reasonably practicable, but in any case prior to the 30th day following the date on which we first know, or should reasonably have known, that such additional Registration Statement is required, an additional Registration Statement covering the resale by the holders of not less than 130% of the number of such Registrable Securities. The agreement further provides that we may require each selling holder of Registrable Securities to furnish us a certified statement as to the number of shares of common stock beneficially owned by each holder and that during any period that we are unable to meet our obligations under the Registration Statement for the registration of the Registrable Securities solely because any holder fails to furnish us information within three trading days of our request, any liquidated damages that are accruing at such time to such selling holder only shall be tolled and that any event that may otherwise occur solely because of such delay shall be suspended as to such holder only, until such information is delivered to us.

Recently Issued Accounting Pronouncements

During the past two years, the Financial Accounting Standards Board ("FASB") issued SFAS No. 155, SFAS No. 156, SFAS No. 157 and SFAS No. 159 and FIN 48 which are described in Note 1, "Recent Accounting Pronouncements" of the Notes to Financial Statements contained in our latest annual report on Form 10-KSB filed with the Security and Exchange commission on April 17, 2008. Reference is made to these recent accounting pronouncements as if they are set forth therein in their entirety.

Item 3. Quantitative And Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the

design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at the end of our most recent quarter. There have been no changes in the Company's disclosure controls and procedures or in other factors that could affect the disclosure controls subsequent to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company was served with a lawsuit that was filed on September 12, 2005 in the Second Judicial District Court in Washoe County, Nevada as case number CV-05-02072. The plaintiff in the lawsuit is Verde Partners Family Limited Partnership (“Verde”). The lawsuit makes a variety of claims and contends that the Company and certain officers of the Company misappropriated certain technology, including two patents, and seeks damages “in excess of \$10,000”. The action was removed to federal court in Nevada. A motion was pending to have the case dismissed as to Blastgard International, Inc., and all other defendants, for lack of personal jurisdiction. There was also a motion pending for a more definite statement in that three of the claims by Verde are conclusory, vague and ambiguous.

On July 14, 2006, the United States District Court rendered its decision in this case. It was ordered and adjudged that the motion to dismiss the individual defendants and the motion to dismiss the BlastGard defendants was granted. Defendants’ motion for a more definite statement is moot. The Court entered judgment on July 17, 2007 in favor of all Defendants and against the Plaintiff. The Plaintiff had 30 days from the date of the judgment (July 17) to file a notice of appeal. No notice was filed.

On July 19, 2006, we filed a lawsuit in the Circuit Court of the Sixth Judicial Circuit in Pinellas County, Florida. The Defendants in the lawsuit are Sam Gettle, Guy Gettle and Verde Partners Family Limited Partnership (“Verde”). The lawsuit contends that the Defendants have committed defamatory acts against BlastGard International and its products. The lawsuit also asks for a declaration that BlastGard International is not liable for the acts complained of in the Nevada action. On BlastGard’s affirmative claims for defamation, the Florida action seeks injunctive relief and damages in excess of \$15,000, exclusive of attorney’s fees and costs. Verde counter claimed in the lawsuit alleging the same bad acts complained of in the Nevada action. The counterclaim seeks an award of unspecified damages and injunctive relief. The Company has continued its plaintiff position in the lawsuit and to vigorously defend itself against the allegations claimed in the defendant’s counterclaim. Management does not possess enough information to estimate the possible outcomes associated with this case and as of September 30, 2008 there has been no significant progress on the lawsuit to report. However, on October 15, 2008, Blastgard International, Inc. brought a declaratory judgment action against The Verde Partners Limited Partnership a/k/a Verde Partners Family Limited Partnership in the U.S. District Court for the Middle District of Florida seeking a declaration of non-infringement of 2 patents to which Verde claims an interest.

Item 1A. Risk Factors

As a Smaller Reporting Company as defined Rule 12b-2 of the Exchange Act and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item 1A.

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

- (a) From January 2008 to September 30, 2008, we had no sales or issuances of unregistered common stock, except we made sales or issuances of unregistered securities listed in the table below:

<u>Date of Sale</u>	<u>Title of Security</u>	<u>Number Sold</u>	<u>Consideration Received and Description of Underwriting or Other Discounts to Market Price or Convertible Security, Afforded to Purchasers</u>	<u>Exemption from Registration Claimed</u>	<u>If Option, Warrant or Convertible Security, terms of exercise or conversion</u>
April and May 2008	Common Stock	219,587 and 50,000 shares	Debt conversion; no commissions paid	Section 3(a)(9). Exchange of securities of the same issuer without any commissions being paid.	Notes converted at \$.11385 per share and \$.10 per share, respectively.
July, August and September 2008	Common Stock	835,405, 50,000 and 1,240,932 shares, respectively	Debt conversion; no commissions paid	Section 3(a)(9). Exchange of securities of the same issuer without any commissions being paid.	Notes converted at \$.10, .1017 and .1062 per share in July, .1062 per share in August and \$.10 per share in September.

(b) Rule 463 of the Securities Act is not applicable to the Company.

(c) In the nine months ended September 30, 2008, there were no repurchases by the Company of its Common Stock.

Item 3. Defaults Upon Senior Securities.

None

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Reorganization dated January 31, 2004, by and among the Registrant, BlastGard Technologies, Inc., ("BTI") and the shareholders of BTI. (Incorporated by reference to Exhibit 2.4 to the Company's current report on Form 8-K dated January 31, 2004.)
3.1	The Company's Articles of Incorporation, as amended and currently in effect. (Incorporated by reference to Exhibit 3.7 to the Company's quarterly report on Form 10-QSB dated June 30, 2004).
3.2	The Company's Bylaws, as amended and currently in effect. (Incorporated by reference to Exhibit 3.8 to the Company's quarterly report on Form 10-QSB dated June 30, 2004).
4.1	Subscription Agreement between the Company and the named investors dated December 2, 2004. (Incorporated by reference to exhibit 4.01 of the current report on Form 8-K filed December 3, 2004.)
4.2	Form of Secured Convertible Note issued to the named investors. (Incorporated by reference to exhibit 4.02 of the current report on Form 8-K filed December 3, 2004.)
4.3	Form of Class A Common Stock Purchase Warrant. (Incorporated by reference to exhibit 4.03 of the current report on Form 8-K filed December 3, 2004.)
4.4	Form of Class B Common Stock Purchase Warrant. (Incorporated by reference to exhibit 4.04 of the current report on Form 8-K filed December 3, 2004.)
4.5	Form of Common Stock Purchase Warrant issued to Andrew Garrett, Inc. (Placement Agent). (Incorporated by reference to exhibit 4.05 of the current report on Form 8-K filed December 3, 2004.)
4.6	Security and Pledge Agreement between the Company and Barbara Mittman as collateral agent for the named investors dated December 2, 2004. (Incorporated by reference to exhibit 4.06 of the current report on Form 8-K filed December 3, 2004.)
4.7	Security and Pledge Agreement between BlastGard Technologies, Inc. and Barbara Mittman as collateral agent for named investors dated December 2, 2004. (Incorporated by reference to exhibit 4.07 of the current report on Form 8-K filed December 3, 2004.)
4.8	Collateral Agent Agreement among the Company, Barbara Mittman (the collateral agent) and the named investors dated December 2, 2004. (Incorporated by reference to exhibit 4.08 of the current report on Form 8-K filed December 3, 2004.)
4.9	Guaranty Agreement between BlastGard Technologies, Inc. and Barbara Mittman as collateral agent for named investors dated December 2, 2004. (Incorporated by reference to exhibit 4.09 of the current report on Form 8-K filed December 3, 2004.)
4.10	Form of Securities Purchase Agreement (Incorporated by reference to the Registrant's Exhibit 99.2 contained in our Form 8-K filed June 23, 2006.)
4.11	Form of Registration Rights Agreement (Incorporated by reference to the Registrant's Exhibit 99.3 contained in our Form 8-K filed June 23, 2006.)
4.12	Form of Security Agreement. (Incorporated by reference to the Registrant's Exhibit 99.4 contained in our Form 8-K filed June 23, 2006.)

- 4.13 Form of Subsidiary Guarantee (Incorporated by reference to the Registrant's Exhibit 99.5 contained in our Form 8-K filed June 23, 2006.)
- 4.14 Form of Debenture (Incorporated by reference to the Registrant's Exhibit 99.8 contained in our Form 8-K filed June 23, 2006.)
- 4.15 Form of Warrant (Incorporated by reference to the Registrant's Exhibit 99.9 contained in our Form 8-K filed June 23, 2006.)
- 4.16 Form of SPA Disclosure (Incorporated by reference to the Registrant's Exhibit 99.10 contained in our Form 8-K filed June 23, 2006.)
- 4.17 Form of Security Agreement Disclosure Schedule (Incorporated by reference to the Registrant's Exhibit 99.11 contained in our Form 8-K filed June 23, 2006.)
- 4.18 Form of Subsidiary Guarantee Disclosure Schedule (Incorporated by reference to the Registrant's Exhibit 99.12 contained in our Form 8-K filed June 23, 2006.)
- 10.1 Employment Agreement with James F. Gordon dated January 31, 2004. (Incorporated by reference to Exhibit 10.13 to the Company's quarterly report on Form 10-QSB dated June 30, 2004).
- 10.2 Employment Agreement with Michael J. Gordon dated January 31, 2004. (Incorporated by reference to Exhibit 10.14 to the Company's quarterly report on Form 10-QSB dated June 30, 2004).
- 10.3 Employment Agreement with John L. Waddell, Jr. dated January 31, 2004. (Incorporated by reference to Exhibit 10.15 to the Company's quarterly report on Form 10-QSB dated June 30, 2004).
- 10.4 Employment Agreement with Kevin J. Sharpe dated January 31, 2004. (Incorporated by reference to Exhibit 10.16 to the Company's registration statement on Form SB-2, pre-effective amendment no. 3 (File No. 333-121455).)
- 10.5 Alliance Agreement with Centerpoint Manufacturing, Inc. dated October 25, 2004. (Incorporated by reference to Exhibit 10.17 to the Company's registration statement on Form SB-2, pre-effective amendment no. 4 (File No. 333-121455).)
- 10.6 Advisory Agreement with The November Group, Ltd., dated June 29, 2005. (Incorporated by reference to Exhibit 10.18 of the current report on Form 8-K filed July 6, 2005.)
- 10.7 Modification and Waiver Agreement (Incorporated by reference to Exhibit 10.1 in our Form 8-K filed December 8, 2006).
- 10.8 Form of Amended and Restated Second Modification and Waiver Agreement (Incorporated by reference to the Registrant's Exhibit 99.7 contained in our Form 8-K filed June 23, 2006.)
- 10.9 Form of Modification and Warrant Agreement (Incorporated by reference to the Registrant's Exhibit 99.14 contained in our Form 8-K filed June 23, 2006.)
- 10.13 Form of Third Modification and Waiver Agreement (Incorporated by reference to the Registrant's Exhibit 10.25 contained in our Registration Statement, file no. 333-135815.)
- 10.14 Amendment Agreement dated September 15, 2006 to Exhibit 4.11 (Incorporated by reference to Exhibit 10.18 contained in our Form 10-QSB for the quarter ended September 30, 2006).

- 10.15 Waiver Agreement, dated April 18, 2007. (Incorporated by reference to Exhibit 10.1 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.16 Fourth Waiver and Modification Agreement, dated March 20, 2007. (Incorporated by reference to Exhibit 10.2 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.17 Management Committee Charter, dated March 23, 2007. (Incorporated by reference to Exhibit 10.3 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.18 Employment Agreement for John L. Waddell, Jr., dated April 1, 2007. (Incorporated by reference to Exhibit 10.4 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.19 Employment Agreement for James F. Gordon dated April 1, 2007. (Incorporated by reference to Exhibit 10.5 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.20 Employment Agreement for Andrew McKinnon dated April 1, 2007. (Incorporated by reference to Exhibit 10.32 contained in our Form 10-QSB for the quarter ended June 30, 2007.)
- 10.21 Employment Agreement for Kevin J. Sharpe, dated April 1, 2007. (Incorporated by reference to Exhibit 10.7 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.22 Employment Agreement for Michael J. Gordon dated April 1, 2007. (Incorporated by reference to Exhibit 10.9 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.23 Source Capital March 9, 2007 and April 12, 2007 Waiver Agreements (Incorporated by reference to Exhibit 10.10 of our Form 8-K filed with the SEC on April 25, 2007.)
- 10.24 ee Benefit and Consulting Services Compensation Plan (Incorporated by reference to Exhibit 99.1 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).1
- 10.25 Fifth Waiver and Modification Agreement with Senior Lenders dated March 20, 2008 (Incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007).
- 10.26 Waiver Agreement with 2006 Lenders dated as of March 20, 2008 (Incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007).
- 21.1 Subsidiaries of Registrant (Incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007).
- 31(a) Rule 13a-14(a) Certification – Chief Executive Officer *
- 31(b) Rule 13a-14(a) Certification – Chief Financial Officer *
- 32(a) Section 1350 Certification – Chief Executive Officer *
- 32(b) Section 1350 Certification – Chief Financial Officer *
- 99.1 Employee Benefit and Consulting Services Compensation Plan (Incorporated by reference to Exhibit 99.1 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2005).
- 99.2 Press Release – Third Quarter 2008 Results of Operations*

* Filed herewith.

SIGNATURES

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

Dated: November 14, 2008

BLASTGARD INTERNATIONAL, INC.

By: /s/ ANDREW MCKINNON

Andrew McKinnon, Chief Executive and
Chief Operating Officer

Dated: November 14, 2008

By: s/ MICHAEL J. GORDON

Michael J. Gordon, Chief Financial Officer,
Principal Accounting Officer and Vice President

**CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Andrew McKinnon, Chief Executive Officer of BlastGard International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2008, of BlastGard International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2008

/s/ Andrew McKinnon
Andrew McKinnon, Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Gordon, Chief Financial Officer of BlastGard International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2008 of BlastGard International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2008

/s/ Michael J. Gordon
Michael J. Gordon, Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Solely for the purposes of complying with, and the extent required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies, in his capacity as the Chief Executive Officer of BlastGard International, Inc., that, to his knowledge, the Quarterly Report of the company on Form 10-Q for the period ended September 30, 2008, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the company's financial condition and results of operations.

November 14, 2008

/s/ Andrew McKinnon

Andrew McKinnon, Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Solely for the purposes of complying with, and the extent required by 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies, in his capacity as the Chief Financial Officer of BlastGard International, Inc., that, to his knowledge, the Quarterly Report of the company on Form 10-Q for the period ended September 30, 2008, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the report fairly presents, in all material respects, the company's financial condition and results of operations.

November 14, 2008

/s/ Michael J. Gordon

Michael J. Gordon, Chief Financial Officer

BlastGard International Reports Third Quarter 2008 Results

BlastGard International Reports Third Quarter 2008 Results

CLEARWATER FL, November 14, 2008 - BlastGard International (OTCBB: BLGA) reported financial results for the quarter ended September 30, 2008. Revenues for the third quarter were \$468,080 compared to \$258,264 reported in the third quarter of 2007. For the third quarter of 2008, BlastGard International reported a net loss of \$184,282 or \$(0.00) per share based on the weighted average of 40,771,101 shares outstanding compared to a net loss of \$890,540 or \$(0.02) per share reported in the third quarter of 2007 based on the weighted average shares outstanding of 36,770,138.

About BlastGard International, Inc.

BlastGard International, Inc. creates designs, develops, manufactures and markets proprietary blast mitigation materials. The Company's patent-pending BlastWrap[®] technology effectively mitigates blast effects and suppresses post-blast fires. This unique technology is being used to create new, finished products or to retrofit to existing products. BlastWrap[®] is a market leading product from which blast protection solutions are built to save lives and reduce damage to valuable assets from explosions. Additional information on BlastGard can be found at <http://www.blastgardintl.com>.

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: Except for historical information, all of the statements, expectations and assumptions contained in the foregoing are forward-looking statements that involve a number of risks and uncertainties. It is possible that the assumptions made by management are not necessarily the most likely and may not materialize. In addition, other important factors that could cause actual results to differ materially include the following: the Company's ability to market its products; the Company's ability to obtain additional funding; the Company's ability to obtain regulatory approvals on new products, the general economy; competitive factors; ability to attract and retain personnel; the price of the Company's stock; and other risk factors. The Company takes no obligation to update or correct forward-looking statements.

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