

BRAINSTORM CELL THERAPEUTICS INC  
Form 10-Q  
November 15, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 333-61610

BRAINSTORM CELL THERAPEUTICS INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-8133057  
(I.R.S. Employer  
Identification No.)

110 East 59th Street  
New York, NY 10022  
(Address of principal executive offices)

(212) 557-9000  
(Registrant's telephone number, including area code)

Not Applicable  
(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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

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

As of November 9, 2010, the number of shares outstanding of the registrant's common stock, \$0.00005 par value per share, was 92,333,678.

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PART I: FINANCIAL INFORMATION

SPECIAL NOTE

Unless otherwise specified in this quarterly report on Form 10-Q, all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars.

Item 1. Financial Statements.

BRAINSTORM CELL THERAPEUTICS INC. AND SUBSIDIARY  
(A development stage company)

CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2010

UNAUDITED

U.S. DOLLARS IN THOUSANDS

BRAINSTORM CELL THERAPEUTICS INC. AND SUBSIDIARY  
(A development stage company)

CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2010

UNAUDITED

U.S. DOLLARS IN THOUSANDS

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BRAINSTORM CELL THERAPEUTICS INC. AND SUBSIDIARY  
(A development stage company)

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

(Except share data)

	September 30, 2010 Unaudited	December 31, 2009 Audited
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 750	\$ 1
Other receivable and prepaid expenses	119	86
Total current assets	869	87
Long-Term Investments:		
Prepaid expenses	-	7
Severance pay fund	62	88
Total long-term investments	62	95
Property and Equipment, Net	452	575
Total assets	\$ 1,383	\$ 757
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)</b>		
Current Liabilities:		
Short term Credit from bank	\$ 41	\$ 46
Trade payables	446	600
Other accounts payable and accrued expenses	1,422	1,418
Short-term convertible note	-	135
Short-term convertible loans	-	189
Total current liabilities	1,909	2,388
Accrued Severance Pay	97	112
Total liabilities	2,006	2,500
Commitments And Contingencies	-	-
Stockholders' Equity (Deficiency):		
Stock capital: (Note 7)	5	4
Common stock of \$0.00005 par value - Authorized: 800,000,000 shares at September 30, 2010 and December 31, 2009; Issued and outstanding: 92,333,678 and 76,309,152 shares at September 30, 2010 and December 31, 2009 respectively.		
Additional paid-in-capital	39,046	35,994
Deficit accumulated during the development stage	(39,674)	(37,741)
Total stockholders' equity (deficiency)	(623)	(1,743)

Total liabilities and stockholders' equity (deficiency)	\$	1,383	\$	757
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The accompanying notes are an integral part of the consolidated financial statements.

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BRAINSTORM CELL THERAPEUTICS INC. AND SUBSIDIARY  
(A development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands  
(Except share data)

	Nine months ended September 30		Three months ended September 30		Period from September 22, 2000 (inception date) through September 30, 2010
	2010	2009	2010	2009	2010
	Unaudited		Unaudited		Unaudited
<b>Operating costs and expenses:</b>					
Research and development, net	\$ 958	\$ 774	\$ 371	\$ 275	\$ 22,643
General and administrative	902	883	264	318	14,156
<b>Total operating costs and expenses</b>	<b>1,860</b>	<b>1,657</b>	<b>635</b>	<b>593</b>	<b>36,799</b>
Financial income expenses, net	49	21	45	28	2,634
<b>Operating loss</b>	<b>1,909</b>	<b>1,678</b>	<b>680</b>	<b>621</b>	<b>39,433</b>
Taxes on income	24	-	24	-	77
<b>Loss from continuing operations</b>	<b>1,933</b>	<b>1,678</b>	<b>704</b>	<b>621</b>	<b>39,510</b>
Net loss from discontinued operations	-	-	-	-	164
<b>Net loss</b>	<b>\$ 1,933</b>	<b>\$ 1,678</b>	<b>\$ 704</b>	<b>\$ 621</b>	<b>\$ 39,674</b>
<b>Basic and diluted net loss per share from continuing operations</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	
<b>Weighted average number of shares outstanding used in computing basic and diluted net loss per share</b>	<b>87,592,831</b>	<b>58,327,655</b>	<b>91,606,177</b>	<b>60,390,796</b>	

The accompanying notes are an integral part of the consolidated financial statements



BRAINSTORM CELL THERAPEUTICS INC. AND SUBSIDIARY  
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## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)

U.S. dollars in thousands

(except share data)

	Common stock Number	Common stock Amount	Additional paid-in capital	Deferred Stock - based compensation	Deficit accumulated during the development stage	Total stockholders' equity (deficiency)
Balance as of September 22, 2000 (date of inception)	-	\$ -	\$ -	\$ -	\$ -	\$ -
Stock issued on September 22, 2000 for cash at \$0.00188 per share	8,500,000	1	16	-	-	17
Stock issued on June 30, 2001 for cash at \$0.0375 per share	1,600,000	* -	60	-	-	60
Contribution of capital	-	-	8	-	-	8
Net loss	-	-	-	-	(17)	(17)
Balance as of March 31, 2001	10,100,000	1	84	-	(17)	68
Contribution of capital	-	-	11	-	-	11
Net loss	-	-	-	-	(26)	(26)
Balance as of March 31, 2002	10,100,000	1	95	-	(43)	53
Contribution of capital	-	-	15	-	-	15
Net loss	-	-	-	-	(47)	(47)
Balance as of March 31, 2003	10,100,000	1	110	-	(90)	21
2-for-1 stock split	10,100,000	* -	-	-	-	-
Stock issued on August 31, 2003 to purchase mineral option at \$0.065 per share	100,000	* -	6	-	-	6
Cancellation of shares granted to Company's President (10,062,000)	(10,062,000)	* -	* -	-	-	-
Contribution of capital	-	* -	15	-	-	15
Net loss	-	-	-	-	(73)	(73)
Balance as of March 31, 2004	10,238,000	\$ 1	\$ 131	\$ -	\$ (163)	\$ (31)

\* Represents an amount less than \$1.

The accompanying notes are an integral part of the consolidated financial statements



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## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)

U.S. dollars in thousands

(Except share data)

	Common stock Number	Common stock Amount	Additional paid-in capital	Deferred Stock - based compensation	Deficit accumulated during the development stage	Total stockholders' equity (deficiency)
Balance as of March 31, 2004	10,238,000	\$ 1	\$ 131	\$ -	\$ (163)	\$ (31)
Stock issued on June 24, 2004 for private placement at \$0.01 per share, net of \$25,000 issuance expenses	8,510,000	* -	60	-	-	60
Contribution capital	-	-	7			