

PLURISTEM THERAPEUTICS INC
Form 10QSB
February 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-QSB

(Mark One)

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

For the quarterly period ended **December 31, 2007**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from
_____ to _____

Commission file number **001-31392**

PLURISTEM THERAPEUTICS INC.

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

Nevada

98-0351734

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

MATAM Advanced Technology Park, Building No. 20, Haifa, Israel 31905

(Address of principal executive offices)

+972-74-710-7171

(Issuer's telephone number)

PLURISTEM LIFE SYSTEMS, INC.

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 6,750,698 common shares issued and 6,690,698 shares outstanding as of December 31, 2007. [The numbers have been adjusted to reflect the one for two hundred reverse stock split we effected on November 26, 2007].

Transitional Small Business Disclosure Format (Check one):

Yes No

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

(A Development Stage Company)

(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2007

(Unaudited)

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY

(A Development Stage Company)

(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2007

U.S. DOLLARS IN THOUSANDS

(Unaudited)

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

U.S. Dollars in thousands (except share and per share data)

December 31,
2007**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$	462
Marketable securities		3,419
Prepaid expenses		251
Accounts receivable from the OCS		519
Other accounts receivables		401
		5,052
<u>Total</u> current assets		5,052

LONG-TERM ASSETS:

Long-term restricted deposits		118
Severance pay fund		123
Property and equipment, net		979
		1,220
<u>Total</u> long-term assets		1,220
<u>Total</u> assets	\$	6,272

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

CONSOLIDATED BALANCE SHEET (UNAUDITED)

U.S. Dollars in thousands (except share and per share data)

December 31,
2007

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Trade payables	\$ 454
Accrued expenses	95
Other accounts payable	211
	<hr/>
<u>Total</u> current liabilities	<u>760</u>

LONG-TERM LIABILITIES

Long-term loan	35
Accrued severance pay	147
	<hr/>
	<u>182</u>

STOCKHOLDERS' EQUITY

Share capital (**):	
Common stock \$0.00001 par value:	
Authorized: 7,000,000 shares	
Issued: 6,750,698 shares and Outstanding: 6,690,698 shares	(*)
Additional paid-in capital	25,870
Other comprehensive loss	(212)
Deficit accumulated during the development stage	(20,328)
	<hr/>
	<u>5,330</u>
	<hr/>
	\$ <u>6,272</u>

(*) Less than \$1.

(**) All share data are reported after the effect of the 1 for 200 reverse split that occurred on November 26, 2007.

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

PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

U.S. Dollars in thousands (except share and per share data)

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	Six months ended December 31,		Three months ended December 31,		Period from May 11, 2001 (Inception) through December 31,
	2007	2006	2007	2006	2007
Research and development costs	\$ 2,528	\$ 794	\$ 1,282	\$ 402	\$ 9,816
Less participation by the Office of the Chief Scientist	(657)	(246)	(248)	(243)	(1,572)
Research and development costs, net	1,871	548	1,034	159	8,244
General and administrative expenses	3,085	862	1,528	456	11,005
Know how write-off	-	-	-	-	2,474
	4,956	1,410	2,562	615	21,723
Financial income (expenses), net	146	444	32	(67)	1,395
Net loss for the period	\$ 4,810	\$ 966	\$ 2,530	\$ 682	\$ 20,328
Loss per share (*):					
Basic and diluted net loss per share	\$ (0.79)	\$ (1.27)	\$ (0.40)	\$ (0.58)	
Weighted average number of shares used in computing basic and diluted net loss per share :	6,057,010	760,648	6,334,401	1,175,152	

(*) Share data is reported after the effect of the 1 for 200 reverse split that occurred on November 26, 2007.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except shares data)

Common Stock (**)	Additional paid-in	Receipts On account	Deficit Accumulated	Total Stockholders'
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	Common Stock (**)		Capital	of shares	Deficit	Equity
	Shares	Amount	Additional paid-in Capital	Receipts On account of shares	accumulated during the Development Stage	(Deficiency) Stockholders' Equity (Deficiency)
Issuance of common stock on July 9, 2001	175,500	\$ (*)	\$ 3	\$ -	\$ -	\$ 3
Balance as of June 30, 2001	175,500	(*)	3	-	-	3
Net loss	-	-	-	-	(78)	(78)
Balance as of June 30, 2002	175,500	(*)	3	-	(78)	(75)
Issuance of common stock on October 14, 2002, Net of issuance expenses of \$17	70,665	(*)	83	-	-	83
Forgiveness of debt	-	-	12	-	-	12
Stocks cancelled on March 19, 2003	(136,500)	(*)	(*)	-	-	-
Receipts on account of stock and warrants, net of finders and legal fees of \$56	-	-	-	933	-	933
Net loss	-	-	-	-	(463)	(463)
Balance as of June 30, 2003	109,665	\$ (*)	\$ 98	\$ 933	\$ (541)	\$ 490

(*) Less than \$1.

(**) All share data are reported after the effect of the 1 for 200 reverse split that occurred on November 26, 2007.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except share and per share data)

	Common Stock (**)		Additional paid-in Capital	Receipts on account of shares	Deficit accumulated During the development stage	Total Shareholders' Equity (Deficiency)
	Shares	Amount				
Balance as of July 1, 2003	109,665	\$ (*)	\$ 98	\$ 933	\$ (541)	\$ 490

Issuance of common stock on July 16, 2003,

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	Common Stock (**)		Additional paid-in Capital	Receipts on account of shares	Deficit accumulated During the development stage	Total Shareholders' Equity (Deficiency)
net of issuance expenses of \$70	3,628	(*)	0	0	0	0
Issuance of common stock on January 20, 2004	15,000	(*)	-	-	-	(*)
Issuance of warrants on January 20, 2004 for finder's fee	-	-	192	-	-	192
Common stock granted to consultants on February 11, 2004	5,000	(*)	800	-	-	800
Stock based compensation related to warrants granted to consultants on December 31, 2003	-	-	358	-	-	358
Exercise of warrants on April 19, 2004	1,500	(*)	225	-	-	225
Net loss for the year	-	-	-	-	(2,011)	(2,011)
Balance as of June 30, 2004	134,793	\$ (*)	\$ 2,909	\$ -	\$ (2,552)	\$ 357

(*) Less than \$1.

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except share and per share data)

	Common Stock (**)		Additional paid-in capital	Deficit accumulated During the development stage	Total Shareholders' Equity (Deficiency)
	Shares	Amount			
Balance as of July 1, 2004	134,793	\$ (*)	\$ 2,909	\$ (2,552)	\$ 357
Stock-based compensation related to warrants granted to consultants on September 30, 2004	-	-	162	-	162
Issuance of common stock and warrants on November 30, 2004 related to the October 2004 Agreement net of issuance costs of \$29	16,250	(*)	296	-	296
Issuance of common stock and warrants on January 26, 2005 related to the October 2004 Agreement net of issuance costs of \$5	21,500	(*)	425	-	425
Issuance of common stock and warrants on					

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	Common Stock (**)		Additional	Deficit	Total
		(*)	paid-in -	accumulated	Shareholders'
			capital	During the	Equity
				development	(Deficiency)
				stage	
January 31, 2005 related to the January 31, 2005 Agreement	35,000	(*)	-	-	(*)
Issuance of common stock and options on February 15, 2005 to former director of the Company	250	(*)	14	-	14
Issuance of common stock and warrants on February 16, 2005 related to the January 31, 2005 Agreement	25,000	(*)	-	-	(*)

(*) Less than \$1.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except share and per share data)

	Common Stock (**)		Additional	Deficit	Total
	Shares	Amount			
			paid-in	accumulated	Shareholders'
			capital	During the	Equity
				development	(Deficiency)
				stage	
Issuance of warrants on February 16, 2005 for finder fee related to the January 31, 2005 Agreement	-	-	144	-	144
Issuance of common stock and warrants on March 3, 2005 related to the January 24, 2005 Agreement net of issuance costs of \$24	60,000	(*)	1,176	-	1,176
Issuance of common stock on March 3, 2005 for finder fee related to the January 24, 2005 Agreement	9,225	(*)	(*)	-	-
Issuance of common stock and warrants on March 3, 2005 related to the October 2004 Agreement net of issuance costs of \$6	3,750	(*)	69	-	69
Issuance of common stock and warrants to the Chief Executive Officer on March 23, 2005	12,000	(*)	696	-	696
Issuance of common stock on March 23, 2005 related to the October 2004 Agreement	1,000	(*)	20	-	20

(*) Less than \$1.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except share and per share data)

	Common Stock (**)		Additional paid-in capital	Deficit accumulated during the development stage	Total Shareholders' Equity (Deficiency)
	Shares	Amount			
Classification of a liability in respect of warrants to additional paid in capital, net of issuance costs of \$ 178	-	-	542	-	542
Net loss for the year	-	-	-	(2,098)	(2,098)
Balance as of June 30, 2005	318,768	(*)	6,453	(4,650)	1,803
Exercise of warrants on November 28, 2005 to finders related to the January 24, 2005 agreement	400	(*)	-	-	-
Exercise of warrants on January 25 ,2006 To finders related to the January 25, 2005 Agreement	50	(*)	-	-	-
Reclassification of warrants from equity To liabilities due to application of EITF 00-19	-	-	(8)	-	(8)
Net loss for the year	-	-	-	(2,439)	(2,439)
Balance as of June 30, 2006	319,218	\$ (*)	\$ 6,445	\$ (7,089)	\$ (644)

(*) Less than \$1.

(**) All share data are reported after the effect of the 1 for 200 reverse split that occurred on November 26, 2007.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)

(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except share and per share data)

	Common Stock (**)		Additional paid-in Capital	Receipts on account of shares	Accumulated other comprehensive loss	Deficit Accumulated During the Development stage	Total Shareholder Equity
	Shares	Amount					
Balance as of July 1, 2006	319,218	\$ (*)	\$ 6,445	\$ -	\$ -	\$ (7,089)	\$ (644)
Conversion of convertible debenture, net of issuance costs of \$440	1,019,815	(*)	1,787	-	-	-	1,787
Classification of a liability in respect of warrants	-	-	360	-	-	-	360
Classification of deferred issuance expenses	-	-	(379)	-	-	-	(379)
Classification of a liability in respect of options granted to consultants	-	-	116	-	-	-	116
Compensation related to options granted to employees	-	-	2,386	-	-	-	2,386
Compensation related to options granted to Consultants	-	-	938	-	-	-	938
Exercise of warrants related to the April 3, 2006 agreement net of issuance costs of \$114	75,692	(*)	1,022	-	-	-	1,022

(*) Less than \$1.

(**) All share data are reported after the effect of the 1 for 200 reverse split that occurred on November 26, 2007.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except share and per share data)

	Common Stock (**)		Additional paid-in Capital	Receipts on account of shares	Accumulated other comprehensive loss	Deficit Accumulated During the Development	Total Shareholders' Equity	Total comprehensive loss
	Shares	Amount						

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	Common Stock (**)		Additional paid-in Capital	Receipts on account of shares	Accumulated other comprehensive loss	Deficit Accumulated During the Development stage	Total Shareholders' Equity	Total comprehensive loss
Cashless exercise of warrants related to the April 3, 2006 agreement	46,674	(*)	(*)	-	-	-	-	
Issuance of common stock on May and June 2007 related to the May 14, 2007 agreement, net of issuance costs of \$64	3,126,177	(*)	7,751	-	-	-	7,751	
Receipts on account of shares	-	-	-	368	-	-	368	
Cashless exercise of warrants related to the May 14, 2007 issuance	366,534	(*)	(*)	-	-	-	-	
Issuance of warrants to investors related to the May 14, 2007 agreement	-	-	651	-	-	-	651	
Unrealized loss on available for sale securities	-	-	-	-	(30)	-	(30)	\$ (30)
Net loss for the year	-	-	-	-	-	(8,429)	(8,429)	(8,429)
Balance as of June 30, 2007	4,954,110	\$ (*)	\$ 21,077	\$ 368	\$ (30)	\$ (15,518)	\$ 5,897	
Total comprehensive loss								\$ (8,459)

(*) Less than \$1.

(**) All share data are reported after the effect of the 1 for 200 reverse split that occurred on November 26, 2007.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

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

U.S. Dollars in thousands (except share and per share data)

	Common Stock (**)		Additional paid-in Capital	Receipts on account of shares	Accumulated other comprehensive loss	Deficit Accumulated During the Development stage	Total Shareholders' Equity	Total comprehensive loss
	Shares	Amount						
Balance as of July 1, 2007	4,954,110	\$ (*)	\$ 21,077	\$ 368	\$ (30)	\$ (15,518)	\$ 5,897	
Issuance of common stock related to investors relation agreement	10,000	(*)	146	-	-	-	146	
Issuance of common stock in July - December 2007 related to the May								

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	Common Stock (**)	Additional paid-in Capital	Receipts on account of shares	Accumulated other - comprehensive loss	Deficit - Accumulated During the Development stage	Total Shareholders' Equity	Total comprehensive loss
14, 2007 Agreement	743,408	(*)	8,590	(368)	-	401	-
Cashless exercise of warrants related to the May 14, 2007 Agreement	983,180	(*)	(*)	-	-	-	-
Compensation related to options granted to employees	-	-	2,320	-	-	2,320	-
Compensation related to options granted to Consultants	-	-	468	-	-	468	-
Unrealized loss on available for sale securities	-	-	-	-	(182)	(182)	\$ (182)
Net loss for the period	-	-	-	-	-	(4,810)	(4,810)
Balance as of December 31, 2007	6,690,698	\$ (*)	\$ 25,870	\$ -	\$ (212)	\$ (20,328)	\$ 5,330
Total comprehensive loss							\$ (4,992)

(*) Less than \$1.

(**) All share data are reported after the effect of the 1 for 200 reverse split that occurred on November 26, 2007.

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

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PLURISTEM THERAPEUTICS INC. AND ITS SUBSIDIARY
(A Development Stage Company)
(Previous Name - PLURISTEM LIFE SYSTEMS, INC.)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

U.S. Dollars in thousands

	Six months ended December 31,		Period from May 11, 2001 (inception) through December 31
	2007	2006	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (4,810)	\$ (966)	\$ (20,328)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	53	24	296
Capital loss	4	-	8
Know-how write-off	-	-	2,474
Amortization of deferred issuance costs	-	160	604
Stock-based compensation to employees	2,320	317	4,706

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	Six months ended December 31,	Period from May 11, 2001 (inception) through December 31	
Stock-based compensation to consultants	486	61	2,074
Shares compensation to consultants	146	-	