

InspireMD, Inc.
Form 10-Q
November 14, 2011

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, 2011

OR

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: 333-162168

InspireMD, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-2123838
(I.R.S. Employer
Identification No.)

3 Menorat Hamaor St.
Tel Aviv, Israel 67448
(Address of principal executive offices)
(Zip Code)

972-3-691-7691
(Registrant's telephone number, including area code)

Indicate by check mark whether 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 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

Edgar Filing: InspireMD, Inc. - Form 10-Q

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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(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

The number of shares of the registrant’s common stock \$0.0001 par value, outstanding as of November 14, 2011:
65,278,946

TABLE OF CONTENTS

	Page
PART I	
Item 1. <u>Financial Statements</u>	3
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
Item 4. <u>Controls and Procedures</u>	30
PART II	
Item 1A. <u>Risk Factors</u>	31
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
Item 6. <u>Exhibits</u>	45

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(U.S. dollars in thousands)

	September 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,485	\$ 636
Restricted cash	40	250
Accounts receivable:		
Trade	1,778	852
Other	117	75
Prepaid expenses	103	3
Inventory:		
On hand	1,905	1,704
On consignment	102	371
T o t a l current assets	11,530	3,891
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation and amortization	346	282
OTHER NON-CURRENT ASSETS:		
Deferred debt issuance costs	5	15
Funds in respect of employees rights upon retirement	189	167
T o t a l other non-current assets	194	182
T o t a l assets	\$ 12,070	\$ 4,355

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

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(U.S. dollars in thousands)

	September 30, 2011	December 31, 2010
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
CURRENT LIABILITIES:		
Current maturities of long-term loans	\$ 183	\$355
Accounts payable and accruals :		
Trade	562	1,103
Other	2,337	1,509
Advanced payment from customers	516	559
Loans from shareholders		20
Deferred revenues		398
T o t a l current liabilities	3,598	3,944
LONG-TERM LIABILITIES:		
Long term loan		75
Liability for employees rights upon retirement	257	206
Convertible loan		1,044
T o t a l long-term liabilities	257	1,325
COMMITMENTS AND CONTINGENT LIABILITIES (note 10)		
T o t a l liabilities	3,855	5,269
EQUITY (CAPITAL DEFICIENCY):		
Common stock, par value \$0.0001 per share; 125,000,000 shares authorized; 65,278,946 shares issued and outstanding at September 30, 2011 and 49,863,801 shares issued and outstanding at December 31, 2010	6	5
Additional paid-in capital	36,617	21,057
Accumulated deficit	(28,408)	(21,976)
T o t a l equity (capital deficiency)	8,215	(914)
T o t a l liabilities and equity (capital deficiency)	\$ 12,070	\$4,355

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

INSPIREMD, INC.
(FORMERLY SAGUARO RESOURCES, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(U.S. dollars in thousands, except per share data)

	3 months ended September 30		9 months ended September 30		Year ended December 31
	2011	2010	2011	2010	2010
REVENUES	\$1,986	\$1,223	\$4,712	\$4,228	\$4,949
COST OF REVENUES	801	561	2,340	2,377	2,696
GROSS PROFIT	1,185	662	2,372	1,851	2,253