

BRAINSTORM CELL THERAPEUTICS INC
Form 10-K/A
December 28, 2011

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

FORM 10-K/A
(Amendment No. 1)

ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

TRANSITION REPORT UNDER 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.)

605 Third Avenue, 34th Floor
New York NY
(Address of principal executive offices)

10158
(Zip Code)

Registrant's telephone number, including area code:212 557-7200

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:

Title of each class
Common Stock, \$0.00005 par value

Name of each exchange on which registered
OTC Markets Group

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes No

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

Edgar Filing: BRAINSTORM CELL THERAPEUTICS INC - Form 10-K/A

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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. (Check one):

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

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

The approximate aggregate market value of the voting and non-voting common equity held by non-affiliates of the issuer as of June 30, 2010 (the last business day of the registrant's most recently completed second fiscal quarter), was \$13,930,908.

As of March 29, 2011, the number of shares outstanding of the registrant's common stock, \$0.00005 par value per share, was 118,317,625.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the "Definitive Proxy Statement") to be filed with the Securities and Exchange Commission relative to the registrant's 2011 Annual Meeting of Stockholders are incorporated by reference into Part III of this annual report.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this “Amendment No. 1”) of Brainstorm Cell Therapeutics Inc. (the “Company”) amends the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which the Company previously filed with the Securities and Exchange Commission on March 31, 2011 (the “Form 10-K”).

The Company is filing this Amendment No. 1 to provide the reissued Report of Independent Registered Public Accounting Firm from the Company’s predecessor auditor, Kost Forer Gabbay & Kasierer as required by Rule 2-05 of Regulation S-X.

The Company has also made the following changes to its Consolidated Financial Statements:

1. The Company has labeled as unaudited amounts for the periods from the Company’s inception (September 22, 2000) to March 31, 2004 presented in the Company’s Statements of Changes in Stockholders’ Equity (Deficiency);
2. The Company has included a footnote to the cumulative column presented on the Statement of Operations that indicates that the Company’s net loss of \$163,000 for the period from inception (September 22, 2000) through March 31, 2004, which is classified as discontinued operations, is unaudited; and
3. The Company has included a footnote to the cumulative column presented on the Statement of Cash Flows that quantifies the amount of operating, investing and financing cash flows for the period from inception (September 22, 2000) through March 31, 2004, which are classified as cash flows from discontinued operations, indicating such amounts are unaudited.

The Company is also providing a reissued Report of Independent Registered Public Accounting Firm from the Company’s current auditor, Brightman Almagor Zohar & Co., to reflect the changes to the Consolidated Financial Statements.

For convenience and ease of reference, the Company is filing its Consolidated Financial Statements in their entirety with this Amendment No. 1. Other than the addition of the reissued auditors’ reports and the changes indicated above, there have been no changes to these Consolidated Financial Statements.

Additionally, Part IV, Item 15 has been amended to include the Company’s currently dated certifications of the Company’s principal executive officer and principal financial officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. Part IV, Item 15 has also been amended to include the Consent of Kost Forer Gabbay & Kasierer and an updated Consent of Brightman Almagor Zohar & Co. Other than the items outlined above, there are no changes to the Form 10-K. No attempt has been made in this Amendment No. 1 to modify or update the disclosures presented in the Form 10-K, including the exhibits to the Form 10-K. Except as otherwise specifically noted, all information contained herein is as of December 31, 2010 and does not reflect any events or changes that have occurred subsequent to that date. Accordingly, this Amendment No. 1 should be read in conjunction with our filings made with the SEC subsequent to the filing of the Form 10-K, including any amendments to those filings, if any.

The Company is not required to and has not updated any forward-looking statements previously included in the Form 10-K.

BRAINSTORM CELL THERAPEUTICS, INC.

ANNUAL REPORT ON FORM 10-K/A

(AMENDMENT NO. 1)

YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

ITEM	PAGE
	PART II
8. Financial Statements and Supplementary Data	4
	PART IV
15. Exhibits, Financial Statement Schedules	48

Item 8.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2010

U.S. DOLLARS IN THOUSANDS
(Except share data)

4

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

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2010

U.S. DOLLARS IN THOUSANDS
(Except share data)

INDEX

	Page
Report of Independent Registered Public Accounting Firm	6 - 7
Consolidated Balance Sheets	8
Consolidated Statements of Operations	9
Statements of Changes in Stockholders' Equity (Deficiency)	10 - 17
Consolidated Statements of Cash Flows	18
Notes to Consolidated Financial Statements	19 - 47

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
BRAINSTORM CELL THERAPEUTICS Inc. (A Development Stage Company)

We have audited the accompanying consolidated balance sheet of BRAINSTORM CELL THERAPEUTICS Inc. and subsidiary (a development stage company) (the "Company") as of December 31, 2010 and 2009, and the related consolidated statement of income, stockholders' deficiency, and cash flows for each of the two years in the period ended December 31, 2010 and for the period from April 1, 2004 to December 31, 2010. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on the financial statements based on our audits.

The financial statements for the period from April 1, 2004 through December 31, 2007, were audited by other auditors. The consolidated financial statements for the period from April 1, 2004 through December 31, 2007 included a net loss of \$32,325,000. Our opinion on the consolidated statements of operations, changes in stockholders' deficiency and cash flows for the period from April 1, 2004 through December 31, 2010, insofar as it relates to amounts for prior periods through December 31, 2007, is based solely on the report of other auditors. The other auditors report dated April 13, 2008 expressed an unqualified opinion, and included an explanatory paragraph concerning an uncertainty about the Company's ability to continue as a going concern, and regarding the status of the Company research and development license agreement with Ramot.

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

In our opinion, based on our audits and the report of other auditor, such consolidated financial statements present fairly, in all material respects, the financial position of BRAINSTORM CELL THERAPEUTICS Inc. and subsidiary as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2010 and for the period from April 1, 2004 to December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company is a development stage enterprise engaged in development of novel cell therapies for neurodegenerative diseases, particularly Parkinson's disease, based on the acquired technology and research to be conducted and funded by the Company as discussed in Note 1 to the financial statements. The Company's working capital deficiency and operating losses since inception through December 31, 2010 raise substantial doubts about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ Brightman Almagor Zohar & Co.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Member Firm of Deloitte Touche Tohmatsu

Tel Aviv, Israel
March 30, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of

BRAINSTORM CELL THERAPEUTICS INC.

(A development stage company)

We have audited the accompanying consolidated balance sheet of Brainstorm Cell Therapeutics Inc. (a development stage company) ("the Company") and its subsidiary as of December 31, 2007, and the related consolidated statements of operations, statements of changes in stockholders' equity (deficiency) and the consolidated statements of cash flows for the year ended December 31, 2007, for the nine months ended December 31, 2006 and 2005 and for the period from March 31, 2004 through December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiary as of December 31, 2007, and the consolidated results of their operations and cash flows for the year ended December 31, 2007, for the nine months ended December 31, 2006 and 2005 and for the period from March 31, 2004 through December 31, 2007, in conformity with U.S generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, in 2007, the Company adopted Financial Accounting Standard Board Statement No. 123(R), "Share-Based Payment".

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1h, the Company has incurred operating losses and has a negative cash flow from operating activities and has a working capital deficiency. As for the Company research and development license agreement with Ramot, see Note 3. These conditions raise substantial doubt about the Company's ability to continue to operate as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Tel-Aviv, Israel
April 13, 2008

/s/ Kost Forer Gabbay & Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

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

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

(Except share data)

	December 31, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 93	\$ 1
Other receivable and prepaid expenses (Note 5)	486	86
Total current assets	579	87
Long-Term Investments:		
Prepaid expenses	1	7
Severance pay fund	90	88
Total long-term investments	91	95
Property and Equipment, Net (Note 6)	419	575
Total assets	\$ 1,089	\$ 757
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Short term Credit from bank	\$ -	\$ 46
Trade payables	307	600
Other accounts payable and accrued expenses (Note 7)	979	1,418
Short-term convertible note (Note 8)	137	135
Short-term convertible loans (Note 9)	-	189
Total current liabilities	1,423	2,388
Accrued Severance Pay	125	112
Total liabilities	1,548	2,500
Stockholders' Deficiency:		
Stock capital: (Note 11)	5	4
Common stock of \$0.00005 par value - Authorized: 800,000,000 shares at December 31, 2010 and December 31, 2009; Issued and outstanding: 95,832,978 and 76,309,152 shares at December 31, 2010 and December 31, 2009 respectively.		
Additional paid-in-capital	39,696	35,994
Deficit accumulated during the development stage	(40,160)	(37,741)
Total stockholders' deficiency	(459)	(1,743)
Total liabilities and stockholders' deficiency	\$ 1,089	\$ 757

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

8

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

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Year ended December 31,		Period from September 22, 2000 (inception date) through December 31, 2010(*)
	2010	2009	
Operating costs and expenses:			
Research and development, net (Note 12)	\$1,045	\$181	\$ 22,730
General and administrative	1,544	1,569	14,798
Total operating costs and expenses	2,589	1,750	37,528
Financial (income) expenses, net	(189)	31	2,396
Operating loss	2,400	1,781	39,924
Taxes on income (Note 13)	19	-	72
Loss from continuing operations	2,419	1,781	39,996
Net loss from discontinued operations	-	-	164
Net loss	\$2,419	\$1,781	\$ 40,160
Basic and diluted net loss per share from continuing operations	\$0.03	\$0.03	
Weighted average number of shares outstanding used in computing basic and diluted net loss per share	89,094,403	61,151,011	

(*) Out of which, \$163 thousands, relating to the period from inception to March 31 2004, is unaudited.

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

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIENCY)

U.S. dollars in thousands

(Except share data)

	Common stock		Additional	Deferred	Deficit	Total
	Number	Amount	paid-in	Stock - based	accumulated	stockholders'
			capital	compensation	during the	equity
					development	(deficiency)
					stage	
Balance as of September 22, 2000 (date of inception) (unaudited)	-	\$-	\$-	\$ -	\$ -	\$ -
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(unaudited)	10,100,000	1	84	-	(17)	68
Contribution of capital	-	-	11	-	-	11
Net loss	-	-	-	-	(26)	(26)
Balance as of March 31, 2002 (unaudited)	10,100,000	1	95	-	(43)	53
Contribution of capital	-	-	15	-	-	15
Net loss	-	-	-	-	-	-